APRIL GRAPHIC
SURVEY

V. 62
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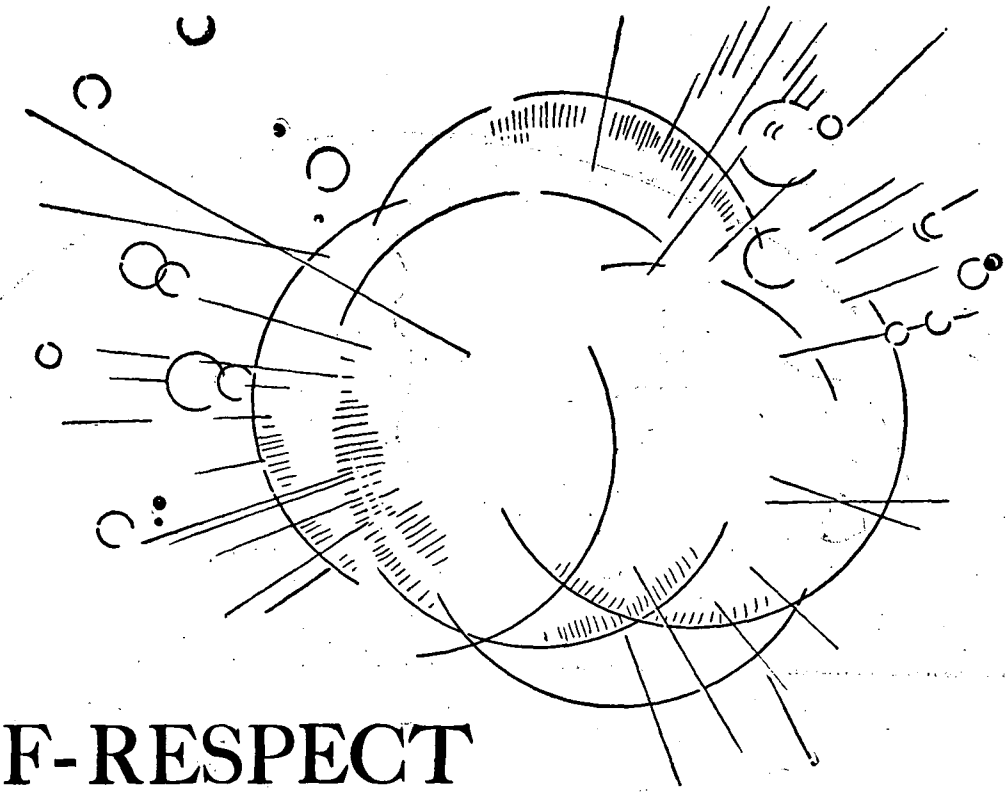

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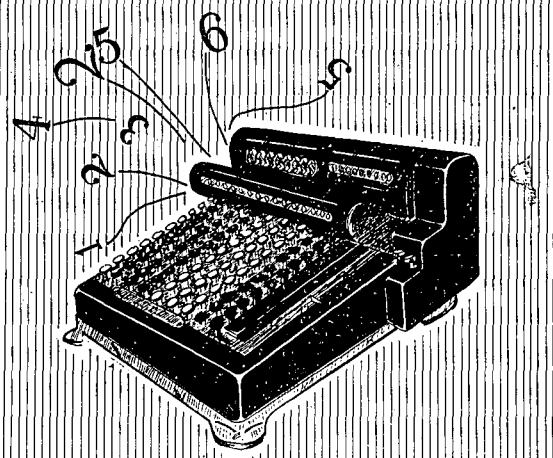

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If you are, have you thought of the less fortunate ones whose only prospect in old age is the poor-house? There are today in the United States two million aged persons who are dependent upon others for their support. As industry increases in machine efficiency and as the deadline of employment cuts down the age when a man or woman can get employment, the problem of the dependent becomes ever more serious.

With the exception of China and India, we are the only populous country that has made no humane and constructive provision for the aged.

The Association for Old Age Security appeals to readers of the Survey Graphic to join this organization NOW, when assistance will count most.

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The "Left-behinds"

A SHORT time ago a promising young business man, happily married and the father of two children, one seven and one nine, showed unmistakable signs of failing health. His doctor suspected the cause at once. A searching examination confirmed the doctor's suspicions. Tuberculosis. He was ordered to give up his business immediately and go to a sanatorium for proper treatment and care.

An uncle of the young man was greatly shocked when he heard the report. It didn't seem possible that it could be true. He asked for the evidence. They handed him x-ray photographs which showed that his nephew's lungs were seriously affected. The uncle asked permission to show the photographs to his own doctor.

When that doctor saw the photographs he said, "The right thing was done. Your nephew will probably get well. Now, what have you done for the man's family, especially the children? Have they been examined? You have no time to lose. While tuberculosis may not have made any serious inroads on their health as yet, it is hardly conceivable that his wife and children are entirely free from infection. An appearance of ruddy health does not exclude the possibility of tuberculosis."

Every child who at any age has had prolonged exposure to tuberculosis should have an immediate, thorough physical examination, especially including the tuberculin tests and x-ray photographs, to determine whether or not active or latent disease is present. While tuberculosis usually attacks the lungs, it may attack any part of the body—eyes, ears, nose, throat, glands, joints, bones or vital organs.

It is now believed that many cases of tuberculosis in adults are the direct result of infection in childhood. The germs may have been taken into the body when the person was very young and have remained dormant for many years.

Boys and girls who are apparently healthy may have latent tuberculosis; without a sign of infection—no cough, no loss of weight, good color. But years later, when some extra strain is put upon the body, the symptoms appear—loss of weight, persistent cough, "indigestion" and fatigue.

When every child is properly fortified against the ravages of tuberculosis, the final victory over this deadly enemy will be in sight.

This year there will be a great forward step in the battle against tuberculosis. Efforts will be made to protect "the others"—the family and friends of the stricken person—even *before* the signs of tuberculosis show themselves, but while the disease may be latent.

Organizations for the prevention of tuberculosis—national, state and local—will warn people of the infection which may follow living in the same household or associating with one who is suffering from tuberculosis. Their action-inspiring slogan, "Early discovery—Early recovery," will be displayed on billboards, car cards and banners all over the country.

By checking tuberculosis in its earliest stages, before the germs have had time to destroy bone or tissue, tens of thousands of lives can be saved. Send for the Metropolitan's booklet, **489** "Tuberculosis". It will be mailed free on request.

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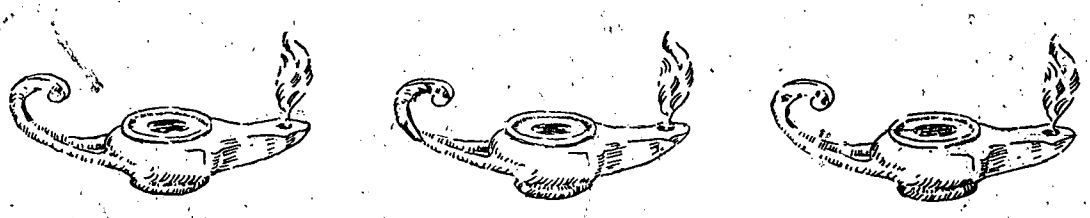

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THE SURVEY

Graphic Number

Vol. LXII, No. 1 April 1, 1929

Unemployment and the Ways Out

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The Gist of It

THIS number is levelled at an old and benumbing myth in the minds of all of us. It rams home a charge of facts, experience and clear thinking at our habit of associating unemployment with hard times, or with cyclones and drought as acts of God, unpredictable, unpreventable. Under the editorship of BEULAH AMIDON, associate editor of The Survey, it seeks to help clear the way for a new working concept of much modern unemployment, as a needless and controllable by-product of industrial progress.

LOOK first at unemployment as the President (page 6) and the United States Senate (page 7) see it—one of the great tasks before the new administration, the new Congress, the American people. MR. HUNT, an associate of Mr. Hoover in Belgium, served as secretary of the Unemployment Conference in 1921. SENATOR COUZENS of Michigan, Ford's early partner, writes as chairman of the Committee on Education and Labor.

Then turn to page 9 and learn to think of unemployment as the seamy side of prosperity. MR. LEISERSON, former chairman of the Labor Adjustment Board of the men's clothing industry in New York, Rochester, Baltimore, and Chicago, is now professor of economics at Antioch College. PROFESSOR SLICHTER (page 16) holds the same post at Cornell. DR. LUBIN is on the staff of the Institute of Economics of the Brookings Institution (page 11).

What can public agencies do? The census is discussed by MISS VAN KLEECK and MISS MATTHEWS of the Russell Sage Foundation (page 22); the federal reserve system by W. RANDOLPH BURGESS of the Federal Reserve Bank of New York (page 23); and the stabilizing power of public works (page 25) by OTTO T. MALLERY, former member of Pennsylvania's State Industrial Board, head of the public-works committee of the 1921 conference.

DO you understand the linking of business stability and security on the job? MR. LEWISOHN, president of the American Management Association, discusses the general question (page 28) and MR. WALLACE, executive secretary of the American Engineering Council, the control of the business cycle (page 29). How cooperation between management and labor can take up the slack when production ceases is told (page 31) by MR. MCCORMICK, vice-president of International Harvester. MR. BROWN, vice-president of General Motors, takes up industrial forecasting and planning (page 34) and MR. BARNEY, president of Barney-Ahlers Construction Corporation, seasonality in the building industry (page 36). MR. COOKE (page 39) is a consulting engineer and former president of the Taylor Society.

The group of forward-looking industrial leaders who set down going experiments in stabilizing production (page 41) includes the treasurer of the Hills Brothers Company and the presidents of Endicott-Johnson, the Columbia Conserve Company, Dennison Manufacturing Company, Procter and Gamble, S. C. Johnson and Son, and the Knox Hat Company.

THE aching realities behind the economic problem are pictured (page 50) by MISS HALL, University House, Philadelphia, and MRS. NELSON, Union Settlement, New York, chairman and secretary of the unemployment study of the National Federation of Settlements. THERESA WOLFSON, formerly with the Union Health Center, New York, now teaches economics at Hunter College (page 54). American experiments with unemployment reserves are analyzed and interpreted (page 57) by BRYCE M. STEWART of Industrial Relations Counselors, Inc., drawing on their research data.

Three first-hand observers draw lessons for us from Europe's experience: MARY B. GILSON, of Industrial Relations Counselors, Inc., is now in England (page 60); HORACE B. DAVIS (page 63) has spent the last two years on an Amherst Memorial Fellowship investigating standards of living in the iron and steel industry in the Saar and in Pittsburgh; MOLLIE RAY CARROLL, professor of economics at Goucher, recently returned from two years in Germany as a Guggenheim fellow (page 67).

The panel on our cover is one of six in a pair of wrought-iron doors for an office in the modern manner, recently executed by OSCAR BACH of New York.

Articles in Sequence to this Issue

Recent Economic Changes in the United States, an interpretation of the assay of the Hoover committee.

The City and Unemployment, by Fred K. Hoehler, director of Cincinnati's Department of Public Welfare.

Pittsburgh, Manchester and Essen, by Paul U. Kellogg, editor of Survey Graphic.

Scrapped at Forty, by Lillian M. Gilbreth, consulting engineer.

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Courtesy The Art Institute of Chicago

WORKMEN

A painting by Davenport Griffen

"It is no excuse that ours are the best paid workmen in the world, ours the highest standards of living, ours the least frequent unemployment. These are but added nails in the structure of our shame. Poverty becomes the more poignant in the shadow of great wealth; idleness the more demoralizing beside the feverish activity of great competition. And America can show greater contrasts in these pictures than any other country I know on earth."

—Karl Borders of Chicago Commons in The Christian Century

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THE SURVEY

GRAPHIC NUMBER

APRIL 1, 1929

Volume LXII
No. 1

Our Stake in Steady Jobs

WE treat of a great wrong—which for the most part has been dealt with pettily. Of a great opportunity, which here and there is being grasped with ingenuity and imagination in ways that are big with promise. We want you to read this number, yes. But we want you who read it to think about it. And to take hold. For while it treats of one of the grimmest problems Americans face, it tells where engineers, economists, bankers, employers, public officials, labor leaders, social workers, neighbors, citizens have taken hold in practical fashion and what has come of it.

The conscience of America is after all a greater dynamo than any that can be set thrumming by coal or gas or waterfall. Once the men and women of these United States shall take the stand that inasmuch as the denial of the opportunity for work to the least of them is the concern of all, and no longer to be endured in our common life, economic and social invention will quickly derive means for making that opportunity secure.

If President Hoover should do what Secretary Hoover prompted President Harding to do eight years ago, he would next August call a conference on unemployment. It would not be faced with the backwash of war or a cyclical depression. But it would be confronted with broken employment as a consequence of the very business energies we have set going; of development, change, invention. Nor could it escape the fact that we have left the brunt of the resulting human dislocations to be borne by individual men and women often in no sense responsible for finding themselves at loose ends.

Scarcely an industrial town in the country has not had evidence this winter of this ravelling of incomes. People who care can take hold constructively close at home. They can set about the creation of a local employment service, that will not leave the man out of work without modern tools to help him in getting a job. They can carry on a campaign for regularity among local employers after the fashion of safety campaigns. They can overhaul their programs of municipal and county public works, so that these dovetail, instead of conflicting, with industrial activity.

WHAT cities can do in the way of employment services and public works the states can do on a wider scale. Moreover, by setting up commissions (such as those which explored the need for workmen's compensation and revolutionized our method of handling industrial accidents), they can grapple with this other measurable hazard of modern industry.

Of what the nation can do, Senator Couzens' committee has made a first chart. We can go further and call for federal leadership in canvassing the possibilities of an American system of employment reserves which, whether on government or voluntary basis, will afford protection comparable with the insurance systems of other modern nations.

In the early years of the new century a practicing lawyer in Boston won national standing for his constructive accomplishment in bringing order out of the anarchy of the garment trades, in establishing a constitutional basis for labor legislation, in lifting scientific management to the arena of national discussion and in regularizing employment in a great industry. He is now a member of the United States Supreme Court. As the spearhead of this issue, we publish the stand he took in those years as a citizen as a charge to the consciences and clear thinking of all citizens today.

The Right to Work

As formulated long since by
LOUIS D. BRANDEIS

"FOR every employe who is 'steady in his work,' there shall be steady work. The right to regularity in employment is co-equal with the right to regularity in the payment of rent, in the payment of interest on bonds, in the delivery to customers of the high quality of product contracted for. No business is successfully conducted which does not perform fully the obligations incident to each of these rights. Each of these obligations is equally a fixed charge. No dividend should be paid unless each of these fixed charges has been met. The reserve to ensure regularity of employment is as imperative as the reserve for depreciation; and it is equally a part of the fixed charges to make the annual contribution to that reserve. No business is socially solvent which cannot do so."

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From 1921 Forward

By EDWARD EYRE HUNT

Continuing Work of the President's Conference on Unemployment

A TELEGRAM from Mr. Hoover took me to Washington late in August, 1921, to undertake the secretaryship of the President's Conference on Unemployment of which he was chairman. "If it is simply another relief activity, I am not much interested," I said. "The first problem is relief," was his answer, "but what we are really going to do is to tackle the fundamentals of unemployment."

How Mr. Hoover's mind attacks such a problem, I had learned the year before in the Survey of Waste in Industry, entered upon by the American Engineering Council under his presidency. In our talks at the time, he explained that his own professional work had dealt very largely with what he described as the exhumation of the corpses of defunct mining companies, an examination of the maladies which accounted for their demise, and a listing of those maladies in the order of their importance. It was then his task to bring the corpse to life by treating the maladies; the larger ones first, the smaller, last. The methods which were worked out by the Committee on the Elimination of Waste were: first, a reconnaissance rather than an exhaustive investigation, on the analogy of topographical and mining reconnaissances; second, a definite judgment as to the relative importance of the various industrial wastes; third, suggestions as to the most practical lines of attack. This procedure, running over the eight years of Mr. Hoover's Secretaryship of Commerce, has characterized his approach to the problem of human waste through unemployment.

THE conference of 1921 was the first federal recognition of the fact that unemployment is a national problem. It focused public opinion throughout the ensuing autumn, and its effect on the revival of business and on relief activities has been frequently commented upon. Shortly after its close, Mr. Hoover developed its significance in these words:

> One of the causes of ill-will that weighs heavily upon the community is the whole problem of unemployment. I know of nothing that more filled the mind of the recent conference, while dealing mainly with emergency matters, than the necessity to develop further remedy, first, for the vast calamities of unemployment in the cyclic periods of depression, and, second, some assurance to the individual of reasonable economic security —to remove the fear of total family disaster in loss of the job. . . . There is a solution somewhere and its working out will be the greatest blessing yet given to our economic system, both to the employer and the employe. There is also in this great question of unemployment the problems of seasonal and intermittent industry. Some of them are incurable, but some are not, and every one cured is a contribution to the solution of these matters.

The first of the resulting efforts "to tackle the fundamentals of unemployment" was the study of business cycles and unemployment, made by a committee of the conference under the chairmanship of Owen D. Young, assisted by a fact-finding investigation conducted by the National Bureau of Economic Research, Inc. Dr. Wesley C. Mitchell, the authority on business cycles, directed this investigation. In the introduction to the report, Mr. Hoover stated:

> The whole problem belongs to a vast category of issues which we must as a nation confront in the elimination of waste if we are to maintain and increase our high standards of living. No waste is greater than unemployment, no suffering is keener or more fraught with despair than that due to inability to get jobs by those who wish to work. . . .

THE next undertaking was an attempt by another committee of the conference to explore the possibilities of greater stability in the construction industries, sometimes called the balance wheel of American business, the workers in which, at the time the report was made, were fully occupied for only three to five months in a year. The committee's recommendations and fact-finding report prepared under the direction of Dr. John M. Gries, had widespread influence. In Mr. Hoover's introduction to this report he said:

> In summary, the committee has well demonstrated the most important fact that the seasonal character of the construction industries is to a considerable extent a matter of custom and habit, not of climatic necessity. It gives recommendations of practical methods of solution through specified cooperative action of the trades and professions vitally interested in each locality—architects, engineers, bankers, contractors, building-material dealers and producers, real-estate men, and building-trades labor. No solution is sought or suggested of government regulation. The service of the committee has been to determine the facts and to point a remedy that is consonant with our national conceptions of individual and community initiative. . . .

In January, 1928, another committee of the conference, this time headed by Chairman Hoover himself, was set up. For more than a year this Committee on Recent Economic Changes has been making an appraisal of the factors of stability and instability in our economic life with a view to further strengthening of the business structure and reduction of unemployment. The National Bureau of Economic Research was again called upon to plan the basic investigation, conduct the research and prepare the fact-finding report covering an extraordinary range of topics.[1] The committee has been studying with particular care the years from 1922 to 1929, and will point out the new factors which have emerged and the shifts in the importance of the older factors. Its report and findings will be made public in May.

President Hoover has gone into office with the results of this national survey in his hands and with an engineer's determination to make the facts effective.

[1] Among them consumption and the standard of living, the growth of new and old industries, the changing structure of industry, construction, transportation, marketing, labor, management, agriculture, price movements, money and credit, foreign markets and loans, the national income and its distribution, and the movement of the business cycle.

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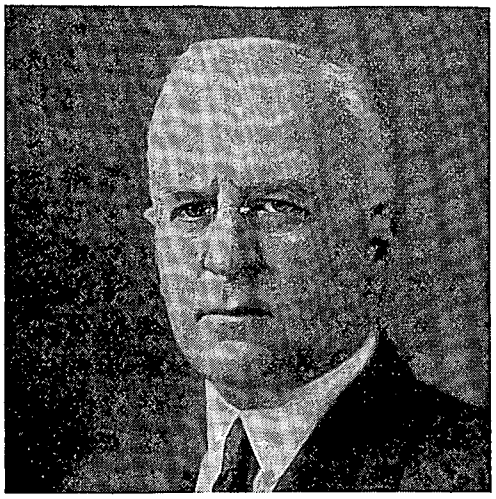
The Senate Takes Stock

By JAMES COUZENS



Findings of the U. S. Senate Committee on Education and Labor

THE time has got to come when each industry and each concern or corporation will have to assume responsibility for its workers. The time has to stop when men can be hired and fired at will without respect to their economic condition.

If you who read this had been sitting through the hearings of the Senate Committee on Education and Labor, you would have a better realization of the crime of intermittent employment. I say crime advisedly because I can conceive of no worse status.

Some months ago, at the dedicatory exercises in connection with the George F. Baker Foundation at the Harvard School of Business Administration, Owen D. Young, chairman of the General Electric Company, declared that "unemployment is the greatest economic blot on our capitalistic system." It was a realization of this "blot" that undoubtedly inspired the Senate to adopt a resolution last May instructing its Committee on Education and Labor to inquire into the subject. In our investigations, we had the cooperation of the Institute of Economics of the Brookings Institution of Washington, and the findings of the Industrial Relations Counselors were put at our disposal. When Congress convened in December, the committee proceeded to hold hearings, and our report was submitted on March 1. These hearings brought home that the problem of maintaining steady work for our citizens is a very live issue and will continue so to be until it has been solved. In view of President Hoover's activity from 1921 on, we may expect unusual interest on the part of our new Administration in steps that can be taken to solve the problem.

IN our report, the Senate committee voices the opinion that it can be solved only through constant struggle on the part of all members of society. When the committee uses the word "solved" it means that the chance will be open to every one who really desires work. No one will question that every man is entitled to the opportunity to provide for himself and his family. That is a fundamental right and no society can consider itself successfully organized until every man is assured of the opportunity to preserve himself and his family from suffering and want.

And it may as well be remembered that society is going to provide an opportunity for man to sustain himself, or is going to have to sustain man. Society is going to provide an opportunity for man to pay his own way or is going to pay for him. Society may as well make every effort to do the job constructively, because no society can be strong in which its members are encouraged or forced to adopt the position and the place of those seeking charity. When society pays the bill through charity, or through the cost of crime, the payments offer little possibility of any advance for mankind.

The problem should be, and in my opinion will be, solved best by industry itself. There is no panacea for curing this great "blot" on our economic system. The most effective thing that can be done at this time is to arouse the conscience of the employing group. This was well said by Daniel Willard, president of the Baltimore and Ohio Railroad, when he appeared before the committee. He put the whole situation pithily. In the first place, he described the old days of intensive individualism where goods were produced largely in individual shops and by hand labor. Now we have tremendous factories, mass production, wealth pouring from machines and moving on for the benefit of society. If society is going to take the benefits, then society must also accept the burdens, Mr. Willard contended. A man out of work, discontented and suffering, constitutes a danger to society. As he put it, a man is going to steal before he starves, and the word "steal" may cover a multitude of other crimes—crimes perhaps on the part of the man who steals—but crimes of far greater magnitude on the part of that society which permits conditions which induce or invite men to steal. Mr. Willard said:

> It seems to me that those who manage our large industries, whatever the character of their output may be, whether it be shoes, steel, or transportation, should recognize the importance and even the necessity of planning their work so as to furnish as steady employment as possible to those in their service. Not only should that course, in my opinion, be followed because it is an obligation connected with our economic system, but I fully believe that such a course is justifiable from the standpoint of the employer because it tends to develop a satisfied and contented body of workmen which of itself would improve efficiency and reduce costs.

Other witnesses, who are employers of men and women, said substantially the same thing—that it is largely a matter of awakening the consciences of those who have the power to assist in solving the problem. This is not to say that employers are to be wholly condemned for the present situation because until their consciences are awakened it is difficult to blame any one for not acting. To act in a case like this is enlightened selfishness, just as we have seen it proved during the last decade that it is enlightened selfishness to pay adequate compensation to the workers. Nothing, in my opinion, has sustained our prosperity more than the maintenance of adequate incomes to the great masses of our population. Every employer has not seen this or acted on it but such numbers have done so as to constitute a large factor in the prosperous condition of the nation.

Enlightened selfishness will solve the unemployment problem. It has been generally assumed that only the unemployed suffer as a result of the irregularity of employment. We are becoming more familiar each day with the fact that when large numbers of our people are unemployed it reacts all the way down the line. True, those with adequate in-

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comes do not feel the same physical discomforts that the unemployed do. To help awaken their consciences was largely the hope of the Senate committee. When we can make them understand that they not only owe an obligation to society but that they themselves indirectly are penalized for failure to do so, we will have accomplished much.

Our Senate committee summed up its suggestions and recommendations under six heads:

1. Private industry should recognize its responsibility to stabilize employment within the industry. The government should encourage this effort in every way. Stabilization has been sought and obtained in various ways. One employer who came before us has placed practically all his workers on a salary basis, has assured them of continuous wages through the year, and has placed upon them the responsibility for making the industry succeed. Others have established reserve funds, and have so arranged them that executives and workers strive to prevent them from being drained. Others have so ordered their production that it is spread throughout the year. Still others have set about the production of articles which are related to their general businesses but which can be produced in periods which formerly were marked by idleness in their plants. Undoubtedly there are too few industrial leaders interested as yet, but there is reason to believe their number will increase, and that simply because of economic pressure. The employer who does not stabilize his employment, and thus retain experienced workmen, is the employer who is going to fail.

2. Insurance plans against unemployment should be confined to the industry itself as much as possible at this time. The states can deal with this phase of the subject much better than can the federal government. But in any discussion of legislation, consideration should be given to the plan of reserve funds or insurance confined to one company or industry rather than to industry in general. Private employers should adopt systems of unemployment insurance and should be permitted and encouraged to adopt the system which is best suited to the particular industry. Dr. John R. Commons, of the University of Wisconsin, stressed the fact that unemployment insurance as practiced in the Chicago clothing market follows the experiences gained from workmen's compensation systems in various states. Employers were moved to adopt every precaution against accidents when under these systems they came to realize that accidents were costly. In the same way, employers and employes will be more likely to fight the causes of unemployment within their industries when they see tangible evidence of the cost of unemployment.

Just as the efficient business man is stabilizing the return for capital invested, by building up reserves for dividends, so should he establish a reserve for return to labor in the hours of adversity. And why? The testimony from witness after witness stressed the point that there is no suggestion of charity in this effort, no idea of being philanthropic, no desire to have industry become paternalistic. True, in most cases the plans were started because an industrial leader became conscious of some of his obligations to society. But there is general accord on the proposition that the plan is "good business;" that it has increased profits. One witness asked, "Shall the business man who expands his business without consideration for future requirements escape his responsibility?" Morris E. Leeds, of Leeds and Northrup, Philadelphia, testified: "I was convinced a good many years ago of the element of unfairness and social wrong that modern industry had gotten into by freely hiring people and, with equal freedom, firing them."

3. The states and municipalities should be responsible for building up efficient unemployment exchanges. The federal government should be responsible for coordinating the work of the states so as to bring national understanding to any condition which may arise and so as to be able to assist the exchanges to function on a country-wide scale. Today, the number of state exchanges is so small that they do not even offer the skeleton of a national system. Thirteen states have no employment offices whatsoever.

4. The existing United States Employment Service should be reorganized, and every employe should be placed under civil service. The service should become an organization of experts coordinating the work of the states.

5. Efforts should be made to set up an efficient system for obtaining statistics on unemployment. The first step should be taken by the Bureau of the Census in 1930, when the bureau should ascertain not only how many are unemployed as of a certain date but how many of these are seeking employment. If we do not have accurate information, we may rest assured we are going to have plenty of inaccurate information. The subject is one which is very articulate in itself. And in this connection it might be well to reflect on the truth that the facts will permit sound thinking and that an absence of facts will produce a condition of fear and panic which may be far more costly to the country than would be the cost of maintaining a system for measuring unemployment.

6. Congress should adopt legislation without delay which would provide a practical scheme for the planning of public works so that these shall form a reserve against unemployment in times of business depression. The evidence is very clear that the federal government may set a valuable example to states and municipalities which will have the greatest opportunity to provide this buffer because their expenditures transcend those of the federal government. There should be no delay upon the part of the various governments —federal, state, city, and county—in adopting such plans.

Our committee felt that consideration might well be given to two further questions: the effect had on unemployment by industrial developments, such as consolidations of capital; and the necessity and advisability of providing either through private industry, through the states, or through the federal government, for a system of old-age pensions. The man of mature years is not so successful, when competing with a machine, as a younger man.

Some of the experienced witnesses who appeared before our committee stated that new industries absorb the labor turned adrift by machine development. The automobile, the airplane, the radio, and related industries were suggested as examples. Undoubtedly there is much truth in these statements, but nevertheless we are not relieved of the individual problem. It offers little to the skilled musician to say that he, who has devoted his life to his art, may find a job in a factory where radio equipment is manufactured. Then there is the delay, that inevitable period of idleness when readjustments are being effected, the suffering, the loss, the enforced change in environment. True, this may all be "the price of progress," but society has an obligation to see that all this "price" does not become the burden of the worker.

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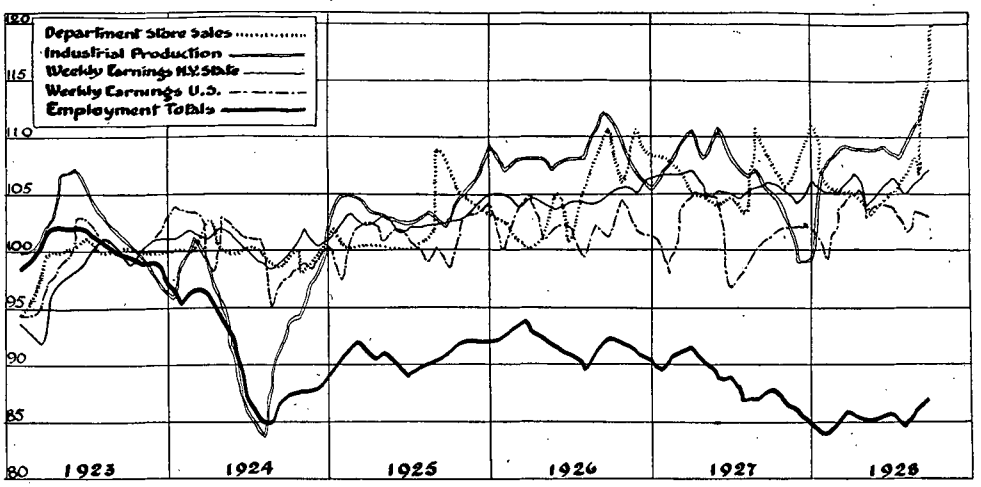
Unemployment, 1929

By WILLIAM M. LEISERSON

WE are so accustomed to associate unemployment with prostrate industry, closed factories, and universal profound depression, that it is hard to revise our ideas and grasp the fact that we must also grapple with an unemployment problem that is the direct outcome of prosperity. It is likely to persist and, it may be, increase even if our industrial output after the present recession should resume with full vigor the upward trend that has characterized it of late years."



UNEMPLOYMENT AS THE DIRECT OUTCOME OF PROSPERITY

Retail stores, factory production, wages at high levels, with an increasing spread between these signs of good times and the number of workers who are at work

When The New York Journal of Commerce carried the above about a year ago (February, 1928) the index of industrial production compiled by the Federal Reserve Board had shown a steady decline during the greater part of the year 1927. But the upward trend predicted by the Journal began early in 1928 and has continued, with only seasonal recessions, ever since. The latest figures available show that in December, 1928, the total volume of production was about 5 per cent higher than in March, 1927, when the downward movement began. The year 1928 taken as a whole set a new high record, not only for production, but for retail sales and business profits as well. Industrial production in 1928 exceeded by 6 per cent the previous record year, 1926. Consumption of electrical power by manufacturing plants, considered one of the best evidences of business conditions, shows the highest level ever recorded—40 per cent above the average of the years 1923-25. Mail-order and department-store sales set new high records in 1928, and business profits according to tabulations of the National City Bank were almost 10 per cent higher in 1928 than in 1926, the previous record year.

Prosperity has returned with full vigor, but as The Journal of Commerce prophesied, unemployment persists and promises to increase, as "a direct outcome of prosperity." While the number of workers employed in 1928 increased above the low points reached in 1927, the total employment in December, 1928, was still about 12 per cent below 1923. For the whole year 1928, the United States Bureau of Labor Statistics reports a reduction in working force of 14 per cent as compared with 1923. Its data come from factories which employ nearly 40 per cent of all the workers engaged in manufacturing. It is reasonable to assume, therefore, that the trend of employment shown in them is representative of manufacturing industry as a whole. And if this is true, then the factories of the United States employed some 800,000 fewer workers in 1928 than they did in 1923.

Factory employment figures published by various state departments of labor, and other data, show the same trend. In New York State, factory employment dropped 16 per cent from 1923 to 1928; in Illinois, 15 per cent; in Massachusetts, 22 per cent; in Pennsylvania, 11 per cent; in Wisconsin, 10 per cent. On the railroads of the country the number of employes dropped 200,000 in the last five years, a reduction of about 10 per cent.

That this increasing unemployment is the result of prosperity rather than of depression becomes quite plain when we consider the rising wages that have accompanied the declines in employment. Follow the curve of weekly earnings on the accompanying chart, and you see that factory employes have never earned such high wages as they received in 1928. Average weekly earnings have risen 8 per cent in New York state since 1923 and about 5 per cent in the country as a whole. Earnings now are higher than in the boom year of 1920, despite the drop in cost of living since that time.

Those who are employed shall earn more than ever before; but fewer shall be called to work, and more shall be unemployed: that is the promise of American industry to its wage-earners throughout the year 1929. One did not have to be a prophet to predict it. Look at the pictures of the trends in recent years. More and more power used, production climbing, sales mounting, profits rising and wages increasing—while the number of workers employed gradually declines. That is the story of the last five years, and that is likely to be the story during the present year, and for some years to come, with variations here and there, no doubt. There are no signs at present that the prevailing tendency is to be altered.

And, so long as conditions make the drive for efficiency and reduced costs necessary, and it is accompanied by technological and managerial improvements such as have marked the last five years, we may expect the same tendency to con-

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tinue—increasing unemployment with increasing prosperity. In the immediate future, at least, less and less man-power is likely to be needed to produce more and more output, more and more profits and more and more wages.

The increasing earnings of industrial employes is hardly to be explained by a growth of the spirit of philanthropy among employers. It is to be accounted for rather by the discovery that it is cheaper to pay higher wages to a smaller number of efficient workers than lower wages to a larger number of less efficient. Industry is therefore concentrating its work in the hands of a smaller number of employes. The younger, the more active and capable, workers are taught and stimulated by incentive wage-payment plans to produce and to earn more, while the older, the slower, and the less efficient workers, are weeded out to swell the ranks of the unemployed.

NOT long ago we were looking over the employment records of a large plant in the Middle West. In two years not a single permanent employe was hired who was over forty-five years old, and there was only one of these. The maximum age of those hired in all but a few weeks was under thirty. On the other hand, the record of discharges and lay-offs showed that those separated from the payrolls against their will were much older people. Here are a few items taken from the record which show what is happening:

Discharged. Age, 53. 10 years in the plant. "Unreliable."
Laid off. Age, 60. 8 years with the firm. "Change in industrial process."
Laid off. Age, 50. Employed for 5 years. "Reduction in force."
Dropped. Age, 41. Employed 3 years. "Physically unadapted to the work."
Discharged. Age, 49. 15 years in the mill. "Careless."
Laid off. Age, 43. Employed 12 years. "Slow."
Laid off. Age, 58. Employed 9 years. "Completion of temporary job"!

Not all those eliminated are of this older type, of course. In fact, the majority of "exits" as well as those hired are younger people. Those who leave are merely more heavily weighted with the old. But the reasons for the exits of the young are not much different from the reasons for the old: "careless," "incompetent," "reduction of force," "slow," "lazy," "unadapted to the work." Thus does unemployment result directly from the prosperity brought about by better methods of management, improved machinery and new processes of manufacture.

TO this must be added the unemployment that comes from the mere growth of large-scale production. Some years ago the National Bureau of Economic Research found that, contrary to popular belief, the workers in large establishments suffered more unemployment than those in the smaller plants. In every line of industry including trade, transportation, mining and construction, as well as manufacturing, the number of people laid off between the peak of prosperity in 1920 and the trough of depression in 1922 increased as the size of the business increased. In manufacturing, the plant employing less than 20 workers showed a reduction of employment from the peak amounting to only about 8 per cent. The plants with 21 to 100 employes reduced employment about 20 per cent; while in the largest establishments, those with more than 100 employes, the reduction was more than 33 per cent.

Apparently the small plants are much more inclined to keep their employes on the payroll during slack times and to divide what work there is among all hands than are the large establishments. The latter prefer to concentrate the available work on a smaller number of employes, and to lay off or discharge the surplus. This tendency, which the National Bureau of Economic Research discovered in the depression years 1921-22, has continued as a factor in increasing unemployment in the prosperous period since that time. While the general trend of business has been upward from 1923 onwards, the years 1924 and 1927 developed recessions, and compared with the years immediately before and after were distinctly years of depression. And every year continues to have its busy and slack seasons. Between the peaks and the troughs of these fluctuations, the larger establishments throw out of employment a larger percentage of their workers than the small. The growth of our scale of production thus becomes another factor in increasing unemployment at the same time that it increases prosperity.

But doesn't all this increasing efficiency and decreasing costs lower prices to consumers and thereby bring on more demand and provide more work? No one familiar with the facts of modern industry can doubt that this is true—in the long run. But the more rapidly technical and managerial improvements are made, the longer the run becomes before such an adjustment can take place. Certainly in the last five years lowered costs have not increased demand enough to provide work for the displaced workers. Whether it is the rapidity with which labor-saving methods have been introduced, or because of other reasons, the fact remains that producing capacity is growing faster than the capacity of the consumers to buy the goods and services produced. Until we find ways of offsetting this tendency, we may expect increasing unemployment to result from increasing prosperity.

AND because it is always the less efficient, the older and the less adaptable that are displaced, while continued idleness increases their lack of industrial quality, we may expect not only increasing numbers of unemployed, but also more unemployables. This is probably the explanation of the growing demands on charitable agencies and the increasing relief expenditures which have become a marked characteristic of our prosperity. Social workers have wondered at this development, and have been inclined to ascribe it to more liberal amounts of relief given to individual families. But the available figures seem to show rather that the amount of relief per family has hardly risen since 1923. What seems to have happened is that the number of families receiving relief has been increasing faster than both population and the cost of living.

A generation ago people talked about the unemployed. Idle labor running to waste appeared as a personal problem. Lack of foresight among the poor brought more people into the world than could find sustenance; and the least capable, the thriftless, the untrained, the dissipated, the unambitious, and the physically and mentally handicapped gave us an army of unemployed and unemployable.

Then the conception changed to *unemployment as a problem of industry*. Not the personal qualities, but the fluctuations of industrial demand caused unemployment. Over a period of years, industry was able to absorb all the growing population, but its needs for labor were intermittent, and thus irregularity of employment rather than a surplus of workers was looked upon as the essence of the problem of unemployment.

(*Continued on page 77*)

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"Let Out"

By ISADOR LUBIN

"YOU are hereby notified that after April first your services will no longer be required." Neatly typed on his employer's stationery, this was what William Brown found in his pay envelope one day toward the end of last March.

Brown had been with the firm nearly two years; he had always shown up before the working whistle blew; he had never knocked off a day. It was his ambition that the "boss" would never "have anything on him." He'd done his best to make sure that through no fault of his own would he ever be fired. Nor was he. He was let out because the company's work was slack.

Brown had been out of work before and he knew what was involved. The last time, back in 1926, it had meant four months of trudging from one factory to another. It had meant studying the want ads every night, getting up at six in the morning to be at the gate before the crowd got there, and then finding some way to kill the rest of the day. The employment man rarely started interviews before 8, and by the time he had seen Brown it was usually between 9 and 10 o'clock. After that, it was not worth while trying other factories—the hiring was over for the day.

He had tried several private employment agencies, but without success. Somebody had suggested the free state employment agency, a branch of which was located in his city, but it reported no calls for men to operate a lathe. The employers of the city of T— asked occasionally for a gang of unskilled men, but when it came to experienced machine operators they preferred to do their own picking from the crowds that gathered at the gate in response to newspaper ads.

All this had left a haunting impression. Brown could not close his mind to troubled memories:

"That last month of unemployment sure was tough for the wife and kids. . . . At first, things weren't so bad. We thought the $300 we had put away would keep things going until a new job turned up. At the end of the first month, the $300 did not look so big. . . . Forty dollars sure is a lot of rent, but what's a man with three children going to do? At that, four rooms are crowded. . . . Little Jack's sickness. Twenty dollars wasn't so much for the doctor. He was over six or seven times. Still . . .

"During the last month of unemployment every nickel looked big. . . . It was funny to find yourself setting the alarm thirty minutes early, to have time to walk over to the west end in answer to a want ad. . . . The rent money couldn't be touched. . . . Alice had to get old Huber to trust her for the groceries. . . . I didn't realize when I told Alice six months earlier to buy all her stuff at Huber's that old Huber would have to come to our rescue before long. . . . Can't make me believe you save anything in the long run buying from chain stores . . . and when hard times come along you could starve to death for all the cash-and-carry cares. . . . What's a man with a wife and kids to do when he loses his job if these chain stores drive out all the neighborhood grocers? . . . It looked for a while like we'd have to write to Alice's brother up in Illinois to ask a loan. . . . Luck finally changed. . . .

"Over eighteen months now, been averaging around $35 a week. Alice has been putting $5 into the Building and Loan Association every Monday. Almost $400 saved up. Things sure have been going smooth.

"Next Saturday—let out."

William Brown is one of some two million workers who were out of employment in the spring of 1928. What became of him?

Immediately after the closing whistle, March 31, Brown asked his foreman why he had been "let out." He was told that orders for dredging machinery were slow and that the force had to be curtailed. There was no complaint as to his conduct or efficiency. If orders picked up, perhaps they could use him again. It might be worth his while to drop in now and then and see whether there was anything doing. If he hit the right time, he might find something.

JUDGING by the findings of some who have looked into the unemployment situation of the past eighteen months, Brown's problem should have been a relatively simple one. American industry has been expanding. New industries and trades have been springing up, taking on more and more men. During the past seven years the changing standards of American life have brought into our service industries, for example, over 1,100,000 additional workers who feed us in restaurants, make our beds, or bow obsequiously to us in hotels, cut our hair, manicure our nails, wash our clothes in laundries, and clean and press our suits and dresses.

The new lines of activity, in short, are ready to absorb those workers who have been discharged from the older industries. Indeed, they are doing more than that; they are taking on more people than the older industries are letting out. Recent figures show that between 1920 and 1927 the net increase in workers employed in all occupations was 817,000. Surely, William Brown should not have found much difficulty in getting a new job.

When Brown was interviewed in August, 1928, he was still unemployed. For almost five months he had been following the want ads, making personal inquiries, and calling at employment agencies. Thirty-seven years of age, well-built and vigorous, he impresses one as an intelligent and willing workman. An interview with his former foreman confirmed the fact that his discharge was due to curtailed production and that

AT the suggestion of the Senate Committee on Labor and Education, the Institute of Economics of Brookings Institution has been making a broad study of industrial unemployment. This article is based on one section of the study—a survey of 754 workers "let out" during the twelve months preceding September, 1928

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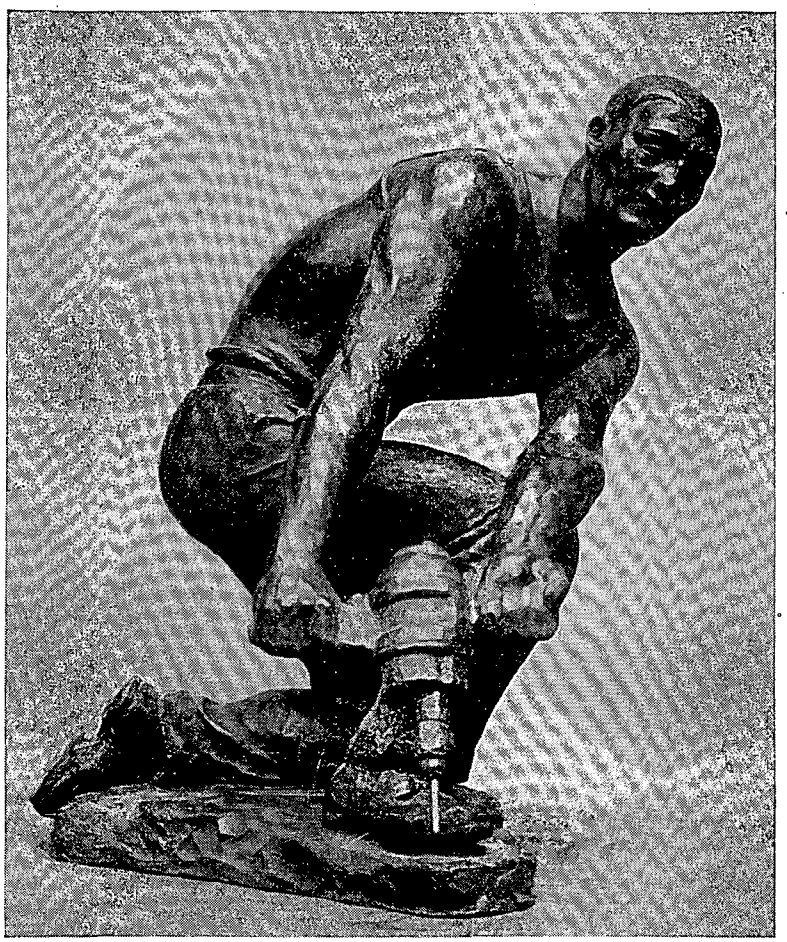

Courtesy Milch Galleries, New York

THE ELECTRIC RIVETER
By Max Kalish

he had been industrious and faithful. If work picked up again the firm would like to have him back.

By the middle of the summer, Brown had spent all his savings and had had to ask for financial help from a brother-in-law. He was determined to find an opening where he could use his skill and training, for he was loath to sacrifice the results of his whole working life. Dismayed by his inability to secure employment in an industrial plant, in desperation he finally got a job mowing lawns. He could do this during the late mornings and the afternoons and thus had the early hours of the day in which to seek permanent work. When seen by an investigator he had ten lawns to mow each week, and he thought this work would last until October. The small income from this source, with about $4 which he earned at a gas station Sundays, partially met the family needs. In August, Mrs. Brown, determined that her husband should not accept permanent employment which would place him in the ranks of the unskilled, went to work in a laundry. The children were left in the care of neighbors. The combined earnings of the Browns were close to $25 a week. They were unable to put aside anything for sickness or other emergencies.

In a survey of 754 workers known to have been discharged in certain factories in three industrial centers during the 12 months preceding September 1, 1928, it was found that almost half of the persons interviewed were in a position not unlike that of William Brown. The survey included no persons unemployed for causes over which they had control. After a careful check of employers' records, all voluntary quits, and discharges for inefficiency or insubordination, were eliminated. The earnings of the group ranged from $12 to $60 a week. More than 20 industries were represented, the occupational lists including riveters, wire rollers, grinders, pipe fitters, weavers, spinners, belt makers, punch-press operators, cement mixers, musicians, cabinet makers, general workers in yards, gate tenders, general-utility men, a draftsman. They were of all ages, 118 under 25 years of age, 77 over 45, the majority between 21 and 45.

THREE hundred and forty-four of these 754 workers—that is 45.5 per cent—were still out of employment when interviewed late last summer. Twenty-nine of them, 3.8 per cent, had for more than a year been unable to find permanent jobs. Sixty-three had been without regular work for over eight months, and approximately one-third had been idle for more than three months.

To exist during the months of idleness, 102 of these workers had taken on short-time jobs of one sort or another. One punch-press operator, formerly employed in a metal-stamping plant, found work now and then "simonizing" automobiles for private owners. A former truck driver, aged 33, became a telegraph messenger boy. An iron caster was forced to turn to selling newspapers at the age of 41. A skilled textile operator distributed political circulars for state primary candidates.

In a surprisingly large number of cases, more than two-thirds in fact, savings were available during the period immediately following discharge. Very frequently close relatives supplemented the family income. Here and there, though the proportion of instances was relatively small, the worker called upon the local municipal welfare department for aid. Several cases were found where, in return for such aid, the unemployed worked at the municipal poor farms several days each week. In some cases also, private charitable organizations were the main source of income.

The experiences of the fortunate workers who found permanent employment were, in many respects, similar to those of the workers still unemployed when interviewed. Getting a new job was not in any sense a simple matter. Of the 410 persons who had found permanent work by September first, nine had secured their jobs only after eleven months of searching. Seventy had been unemployed for six months or more, and 171 for more than three months. Only 47 had been out of work for less than a month between jobs. That is to say, only 11.5 per cent of the workers who had been able to get steady employment found it possible to do so within 30 days after their discharge. Approximately 52 per cent, on the other hand, had been forced to remain idle for more than a fourth of the year before getting re-located.

Less than 10 per cent of the men got their old jobs back after discharge. The remainder were in most cases forced to take employment which had little or no relation to the type of work for which the individual concerned had been trained. Former cement workers, wire rollers and operators of grinding machinery were found as counter men in lunch-rooms. A boiler worker, and a trained cutter with 34 years of experience in a clothing factory, had become gasoline-station

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attendants. One of these men had been earning $35 a week at his old job but after eleven months of idleness he took the filling-station job at $20. Other cutters had become watchmen in warehouses, time keepers in steel plants, and clerks in meat markets. One licensed stationary engineer ultimately found a job as caretaker in a public park; an operator of a welding machine after three months of unemployment became a farm hand; and an experienced spinner took on the job of radio-repair man. A skilled wood worker employed for many years in a piano factory, was mixing salves for a drug manufacturer at $20 a week. Seven of the men were frank to admit that after months of enforced loafing they had taken up bootlegging.

Length of Unemployment

Length of time unemployed	Those who found new employment: Number of workers	Those who found new employment: Cumulative number of workers	Those still unemployed Sept. 1, 1928: Number of workers	Those still unemployed Sept. 1, 1928: Cumulative number of workers
Under 1 month	47	—	43	—
1 month-2 months	66	113	40	83
2 months-3 months	66	179	37	120
3 months-4 months	60	239	34	154
4 months-5 months	43	282	26	180
5 months-6 months	30	312	22	202
6 months-7 months	28	340	27	229
7 months-8 months	23	363	18	247
8 months-9 months	18	381	31	278
9 months-10 months	10	391	19	297
10 months-11 months	7	398	7	304
11 months-12 months	3	401	8	312
Over 1 year	6	407	29	341
No data	3	410	3	344

Only 188 (45 per cent of the workers who found employment) had been able to secure jobs in any way similar to those formerly held. Two-thirds of the reemployed were found in what to them were new industries. Not only did they have to adjust themselves to a new environment but also to a new type of product.

In a majority of cases, new employment was found only at a sacrifice in income. Eighteen per cent of the workers when interviewed were earning more at their newly acquired work than when last steadily employed. The larger number, however (48 per cent to be exact), received lower wages on the new jobs than on the old. In a few cases, earnings were reduced as much as 50 per cent. In a majority of cases, they ranged from 60 to 90 per cent of the previous earnings. In less than one-third of the cases the wage-rates in the new employment were just about equal to what the workers had received on their former jobs.

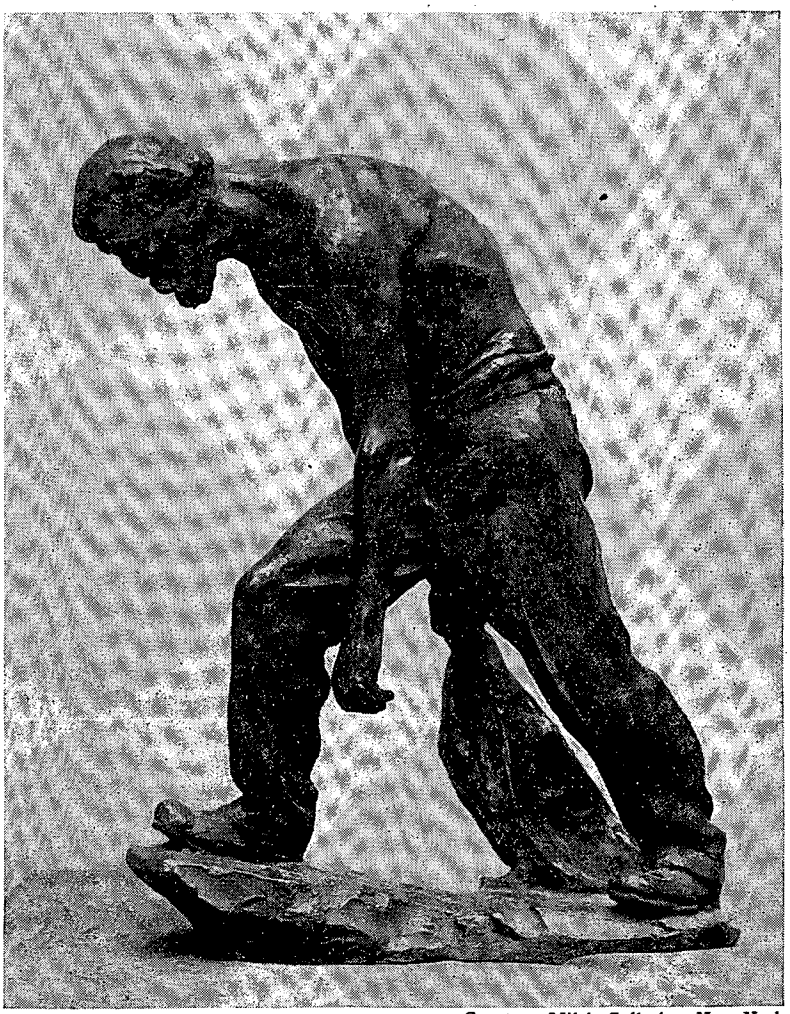
IT can hardly be doubted that finding a new job has become a serious problem for the dispossessed worker. For the skilled who do not want to join the ranks of common labor, the problem is particularly acute. When unemployment among this class is caused by new technique or the substitution of machinery for human labor, the opportunities for finding work for which the workers have been trained become cumulatively restricted.

It is quite evident from the limited number of cases interviewed that no adequate machinery is available for aiding the dispossessed in finding new employment. The modern employer does not use the public employment exchange. By depending on the newspaper ad, he places the brunt of the search for employment upon the worker. Recent experiences of firms which have attempted to cooperate with some of the public employment exchanges lead one to sympathize with their attitude toward these agencies. Not until we have a widespread, coordinated employment-exchange system with an adequate, trained staff can we hope to get employers to use public employment offices in meeting their labor needs.

Earnings of workers on new jobs secured before September, 1928, as compared with earnings in last permanent employment

Item	Workers having higher income	Workers having lower income	Workers having same income	No information
Number	97	197	111	25
Per cent of those who secured jobs	18.8	48.0	27.1	6.1

Whether we can hope for some sort of insurance to tide the unemployed over the period of enforced idleness, yet remains to be seen. Perhaps the experience of the few enlightened organizations which have seriously attacked the problem of making provision for their unemployed workers will in the near future stimulate sufficient interest in unemployment insurance to lead to some sort of public action.



Courtesy Milch Galleries, New York

THE DISCARD

By Max Kalish

38397

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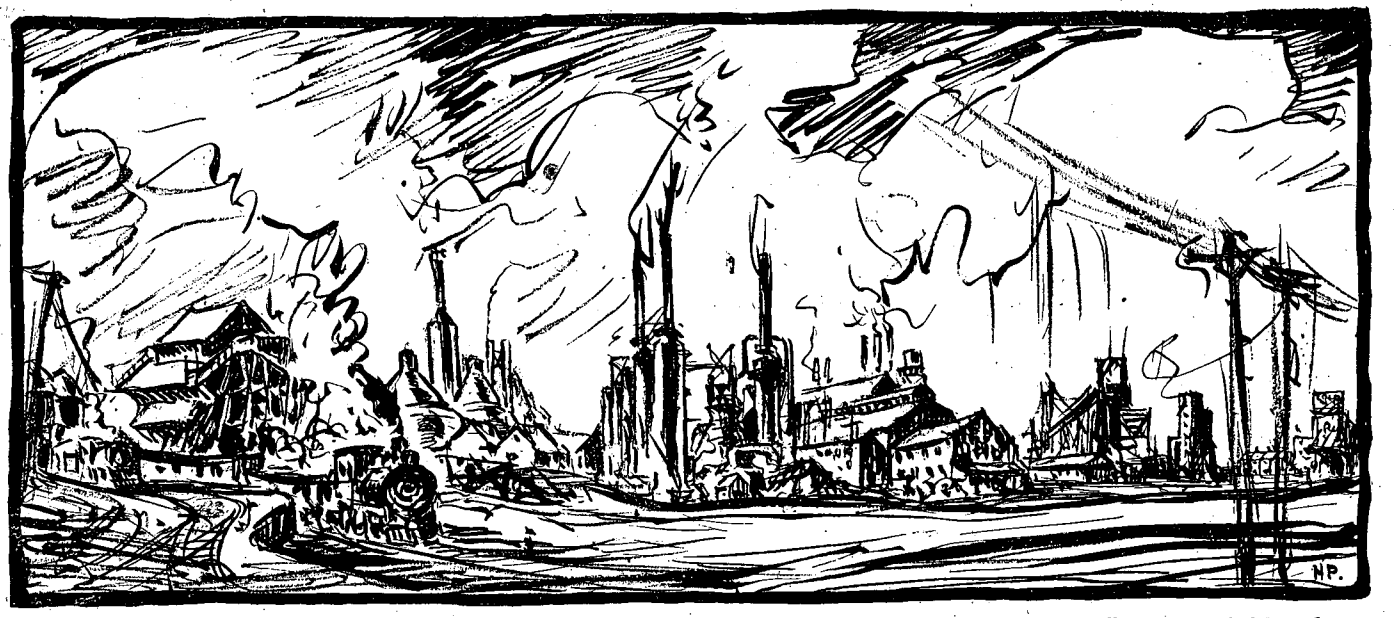

1. Switching yard *2. Glass works* *3. Steel mill* *4. Parts plant* *5. Rubber mill* *6. Movie house*

Busy Machines—

Unemployment as Part of the

By BEULAH AMIDON

Yard Men

1. The switching yard of the X.Y.Z. Railroad at N. employed 305 men. Two-thirds of the force was unskilled or semi-skilled labor, while about 100 of these employes were highly skilled railroad men who had been with the X.Y.Z. for from two to nineteen years. Partly as an experiment in increasing speed and efficiency, partly to meet a local problem of smoke and noise nuisance within a growing municipality, the X.Y.Z. electrified its switching yard. As a result, 151 men were able to do the work formerly requiring 305. Also, it was found that less skill and experience on the part of the switching-yard force was called for under the new conditions. Accordingly, 154 men were laid off on a week's notice. The larger proportion of these were from among the higher-paid group, most of whom had spent their working life acquiring the skill to hold the jobs from which they were dismissed.

Glass-workers

2. The Owens machine, which mechanized the ancient glass-blowing industry, is a "semi-automatic" machine. More recently, it has been supplemented by a feed-and-flow machine, which makes several divisions of the glass industry practically automatic. It has been estimated that this machine does in one hour what it would take 41 workers to do by hand, and with it, 3 operatives can accomplish what 10 could do with the semi-automatic equipment. During the past winter, the D. Glass Works, which turns out bottles in various stock sizes, installed the most up-to-date automatic machines. This more than trebled its output. The L. Bottle Works, the chief competitor of D., tried feebly to maintain its hold on its market. In less than six months the L. works shut down, throwing 213 men and women out of work in the middle of the slack season for the industries in that community.

Steel-workers

3. The use of machinery and power has advanced rapidly throughout the steel industry in the past few years. For example, 2 men now do the work done by 14 in charging furnaces; 7 men can cast as much pig-iron as 60 could cast a decade ago; in open-hearth operation, 1 man does the work of 40; 2 men now replace 128 in unloading pig-iron. By the use of such economies of time and man-power, the T. G. Steel Mills have decreased their personnel by more than 1,300 in the past three years. Simultaneously, the gross tonnage of steel produced by these mills increased from 1,730,724 in 1927 to 1,901,707 in 1928.

Machine-hands

4. The L. Shock Absorber Company received the record order of its history some months ago. It was employing at that time 800 workers. It planned to take on a force of 2,000 more and so advertised. Workers came flocking from three states. A thousand men were taken on, in groups of a hundred or less. Nine belts or lines were operated, and 400 units were considered a fair day's work for each line. But management began to work out more effective ways of using both machine- and man-power and more effective methods of handling materials and equipment. Instead of taking on the second thousand workers, mechanical improvements were made, and various "speeding up" devices put into effect, including a "bonus" of a box of cigars to the line that exceeded 400 units. As a result, the day's output has been increased from 400 to 2,200 units with from 2 to 5 hours' overtime per day required to get out a day's work and receive a day's pay.

Rubber-workers

5. Eight years ago the Blank Rubber Company commenced a series of time studies and process studies, one of the results of which has been the installation of new and improved labor-saving appliances. During these years, it has increased its output from 32,000 units per day to

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7. *Sugar refinery* 8. *Machine shops* 9. *Railway repair shop* 10. *Tube works* 11. *Tool company* 12. *Textile mill*

—and Idle Men

Process of Industrial Growth

Drawings by Herbert Pullinger

57,000 units per day, or about 78 per cent. At the same time, the production force decreased from 24,000 men to 16,500, or about 30 per cent. Much of this increased efficiency was the result of time studies and the rearrangement of various steps along the production line, but the larger part was due to the displacement of men by machines.

Musicians

6. The Rialto Theater in a large eastern city had an orchestra of 40 trained musicians. The Rialto installed a "talking movie," and overnight these 40 musicians were out of a job. In the same city, another theater notified its 22 orchestra members that within a week their services would no longer be required, because of the installation of a "talkie."

Sugar-workers

7. One of the large sugar refineries on the eastern seaboard erected a new plant about four years ago designed to produce 2,000,000 pounds of refined sugar a day and employ 500 men. By improved manufacturing methods, supplemented by a change in the method of wage payment, a force of 400 men is now producing 3,500,000 pounds daily.

Machinists

8. When young John Doe succeeded his father as head of the Doe Machine Shops, he decided to "get away from moss-back methods" and installed the most modern equipment obtainable. As part of this revolution, 1 man with a "gang" of 7 semi-automatic machines now replaces 25 skilled machinists. Thirty workers with 10 machines are doing the work of 220 workers with 20 old-type machines. Some of these men had spent all their working lives in the Doe shops. None of them was given more than a week's notice before being laid off.

Repair-men

9. In railway repair shops, 4 men with oxyacetylene torches can do in from 3 to 7 hours what it formerly took 8 men 3 weeks to perform in repairs to locomotives.

Sheet-metal Workers

10. The Blank Sheet and Tube Company has increased its output and cut its labor bills by installing a tramrail crane, with the help of which 3 workers now do the work of 28. A week before the crane was in place, 25 men were notified that their services were no longer needed. The same concern has equipped 5 men with tractors to replace 48 men as crane loaders.

Tool-makers

11. The Jones Tool Company makes drop-forged hand tools, including hammers, wrenches, chisels, punches, screw-drivers, and so on. It used to take from 3 to 4 days from the time the blank reached the forging hammers till the tool reached the stockroom. Then a new cycle was established, with equipment to keep the work moving almost constantly from unloading stock from cars to laying down finished tools on the platform. In 1922 the company had 16 drop hammers and employed 480 men. Last year it had 22 drop hammers and a working force of 280. Output had increased between 30 and 40 per cent.

Textile-workers

12. In 1927 the R. F. Textile Mills employing 5,100 workers produced 137,000 yards of woolens of a certain width, texture and quality. During the slack season, new and improved machinery was installed and an efficiency system, suggested by an engineering expert, was introduced. In 1928, a labor force of 3,000 produced the same yardage, of the same width, texture and quality. The 2,100 displaced workers were added to an already acute unemployment situation in a disorganized textile market.

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Recent Employment Movements

By SUMNER H. SLICHTER

FOR the first time in the history of this rapidly growing country, employment in our two largest branches of industry—farming and manufacturing—is manifesting a definitely downward trend. The drop has not been a momentary slump such as business depressions have often produced. It is a long-time trend which has been going on in agriculture since about 1910, and in manufacturing since 1920, and which may continue for some time to come. In addition, there has been a substantial decrease in the number of railroad workers since 1920, and employment in mining has remained substantially stationary.

The greatest drop has occurred in farming. The agricultural census of 1925 indicates that farm population diminished by 2,500,000 between 1920 and 1925, and the Department of Agriculture estimates that there was a further fall of nearly 1,300,000 between 1925 and 1928. Not all of the persons who left the farms were employed in agriculture, but if the proportion so employed was the same as in the total farm population of 1920 (admittedly a conjectural assumption), then there has been a drop of approximately 1,200,000 in agricultural employment. The decrease in factory workers between 1919 and 1925 was over 800,000. The change since 1925 is uncertain, but the index of the Bureau of Labor Statistics indicates that factory workers in 1928 were 200,000 less numerous than in 1925 (assuming that the bias in the index, due to its failure to take account of new plants, has been the same since 1925 as it was between 1923 and 1925). The decrease in railroad employment since 1920 has been about 300,000 (exclusive of the drop in the shop forces which is counted in the decrease in factory employment). In all, there has been a decrease of about 2,300,000 during the last eight years in the number of persons employed in four major branches of industry—farming, manufacturing, railroading, and mining.

BETWEEN 1920 and 1928, the population of the country increased by 13,600,000. Were it not that employment in many branches of industry has grown at a spectacular rate, we should undoubtedly be confronted with unemployment of unprecedented volume. But between 1920 and 1927 the number of workers in the building trades increased by possibly 300,000. The more than two-fold gain in automobile registrations has led to an increase of roughly 750,000 persons engaged in selling and servicing automobiles and of more than 500,000 in the number of hotel workers. Public-school teachers increased by 135,000 between 1920 and 1926, and telephone employes by over 78,000 between 1920 and 1927. L. B. Mann estimates that there are now 100,000 more life-insurance agents than in 1920. Bobbed hair and a substantial rise in the purchasing power of salaries and wages have produced a boom in the barbering and beauty-parlor businesses and an increase of nearly 200,000 in the number of barbers and hair-dressers. Finally, the students in secondary schools and colleges have increased from 3,100,000 in 1920 to nearly 5,200,000 in 1926, or 67 per cent. Whether or not the net result has been a growth in unemployment no one knows, because there are too many uncertain items on each side of the balance sheet. One thing, however, is certain—occupational shifts of almost revolutionary size and rapidity have been occurring. These shifts are the outstanding characteristic of the present labor market. What causes lie behind them and what problems of public policy do they create?

The recent shrinkage in agricultural, factory and railroad

Woodcuts by the Belgian artist Frans Masereel

White-collar jobs are increasing—

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employment and the stationary employment in mining have not been caused by a drop in production. Agricultural output, it is true, was slightly less in 1927 than in 1920 but factory production increased 22 per cent, the output of freight-ton-miles by the railroads about 4 per cent, and the output of mines about 20 per cent. The growth of physical output in the face of shrinking or stationary employment has led many persons to attribute the displacement of men to labor-saving methods and machines. Fewer workers are said to be needed because each man is producing so much more. It is pointed out, for example, that whereas the average output per factory worker actually diminished by about 5 per cent between 1909 and 1919, it increased about 36 per cent between 1920 and 1927.

But this explanation is too simple to fit the facts. In the first place, in neither mining nor railroading has production per employe grown so rapidly since 1920 as it did during the decade ending with 1919. Yet between 1910 and 1920, the number of mine workers and railroad workers increased. In the second place, the shrinkage of employment in manufacturing has occurred to a great extent in industries which have suffered from contraction of markets rather than in those in which technical change has been most rapid. Ship and boat building, which lost 337,000 men, alone counts for over half the total drop among wage earners in manufacturing between 1919 and 1925. The agricultural depression is mainly responsible for the decrease of employment in the farm-implement and fertilizer industries, and changing fashions and social habits largely account for the fewer workers engaged in the manufacture of buttons, needles, hooks, pins, eyes, snap fasteners, hairpins, combs, jewels, cigar boxes, sewing machines, and sewing-machine cases and attachments. In about twenty-three industries *a* major, if not *the* major, reason for the shrinkage of employment has been contraction in the market. These industries account for about three-fourths of the total drop in factory employment between 1919 and 1925. In the third place, the industries which have been characterized by most revolutionary technical changes do not necessarily employ fewer workers. The petroleum-refining, automobile, pottery, cement, and cast-iron-pipe industries have all experienced radical technical changes during the last seven or eight years, but in every instance there has been a substantial increase in their total employment since 1920.

From The City—A Portfolio of Modern Life

—while jobs in manufacturing slump

CLOSELY related to the suggestion that machines are primarily responsible for the shrinking or stationary employment in farming, manufacturing, railroading and mining, is the theory, advanced frequently during the last year, that the producing power of industry has been outrunning the purchasing power of the public. But this theory will not bear examination. To begin with, the extraordinary flood of goods which is said to be taxing the public's ability to purchase is not in evidence. Agricultural output in 1920 was greater than it has been in any subsequent year. Factory and mineral production increased substantially between 1920 and 1923, but since 1923 they have increased less rapidly than during most of the first two decades of the century. During the quinquennial ending in 1927, factory output gained only 4 per cent as against 22 per cent between 1899 and 1904, 30 per cent between 1904 and 1909, 6 per cent between 1909 and 1914, and 26 per cent between 1914 and 1919. The output of mines was almost stationary—it increased less than 2 per cent as against a 90 per cent expansion during the period 1898-1900 to 1908-1910, and 45 per cent during the period 1908-1910 to 1918-1920. The output of railroads has also been practically stationary since 1923. During the first two decades of the century, however, it grew rapidly—43 per cent between 1899 and 1904, 27 per cent between 1904 and 1909, 27 per cent between 1909 and 1914, and 29 per cent between 1914 and 1919. These figures deserve special emphasis. During the years of the much vaunted "Coolidge prosperity," the production of four major branches of industry was almost stationary. Clearly it is ridiculous to assume that the country has been deluged with a rapidly rising flood of goods.

But the case against the overproduction theory of displacement becomes stronger when we examine the value of the output of farming, manufacturing, railroading, and mining. Although the *physical* product has been growing at a modest rate, the *value* product, due to falling prices, diminished from approximately $107,420,000,000 in 1920 to

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$84,917,000,000 in 1923, and $88,033,000,000 in 1927. In other words, the amount received by farmers, manufacturers, railroads, and mines for their output in 1927 was approximately 18 per cent less than in 1920, and only about 3½ per cent more than in 1923. During the same time, however, the number of dollars spent by the country was rapidly growing. The best index of national expenditures is furnished by debits to individual accounts. Professor M. A. Copeland has estimated that the total volume of debits in 1927 was 35 per cent above 1920, and 41 per cent above 1923. In order to be conservative, however, we shall measure expenditures by the actual debits in 140 cities exclusive of New York. In 1927, they were 17 per cent above 1920 and 25 per cent above 1923. In view of these figures, it is conservative to assume that the dollar expenditures of the country in 1927 were at least one-fifth more than in 1920 and one-fourth more than in 1923. Since the output of farms, factories, railroads, and mines has been diminishing in value while the country's volume of spending has been increasing, it is scarcely possible to explain the trend of employment in these four main branches of industry by the country's inability to purchase their products.

STILL another popular explanation of the falling or stationary employment in some branches of industry is the alleged restriction of production on the part of employers—a restriction motivated by the fact that greater profit can be made by selling a limited output at a higher price and made possible by trade associations and other devices for creating concert of action. But this explanation obviously does not apply to either agriculture or railroading, which together account for over two-thirds of the total shrinkage in employment. Nor does it apply to bituminous coal mining which, from the standpoint of employment, is by far the most important of the mining industries. Some color is lent to the theory that during the last five years combinations of manufacturers have limited output, by the fact that between 1919 and 1923 the physical output of factories increased by 28 per cent whereas between 1923 and 1928, according to the latest figures, it increased only 10 per cent. In many branches of manufacturing, however, competition has been notoriously severe. Furthermore, absence of effective restriction is indicated by the decrease of about 7 per cent in non-agricultural wholesale prices between 1923 and 1927, and by the exceptionally high failure rate among manufacturing enterprises. In fact, substantially more manufacturers failed during each of the five years from 1923 to 1927 than in 1921, the worst year of the depression.

EVIDENTLY a major reason for the trend of employment in agriculture, manufacturing, railroading and mining is the state of demand—the reluctance of the public to buy more from these branches of industry. Even the modest increases in physical output during the last four years have been forced upon the market only by price reductions—for between 1923 and 1927, the average wholesale price of non-agricultural products decreased 7 per cent and of mineral products about 9 per cent and the gross revenue of railroads per ton-mile and the average farm price of thirty commodities each dropped about 3 per cent. It is this unwillingness of the public to buy more agricultural commodities, manufactured goods, railroad service and mineral products which, in conjunction with the growing productivity of labor, explains the course of employment in these industries. Only because of the state of demand has the growing effectiveness of labor tended to displace men quite as much as to increase the output of farms, factories, railroads, mines.

The effect of relatively stationary demand and of technical progress upon employment in farming, manufacturing, railroading, and mining has been accentuated by the movements of (1) wages, (2) the price of producers' goods, and (3) long-time interest rates. All of these prices have fallen since 1920, but producers' goods and interest rates have decreased much more than wages. Consequently employers have found it profitable to use relatively more capital and relatively less labor. Just how great has been the incentive to substitute capital for labor is roughly indicated by the fact that the average hourly earnings of a factory worker would purchase 67 per cent more producers' goods in 1927 than in 1920, and 21 per cent more than in 1923. And in 1927 money for investment in plant and new machinery could be borrowed for about one-fourth less than in 1920 and for about one-seventh less than in 1923.

The rapid substitution of capital for labor is best indicated by changes in the number of wage earners and in the capacity of prime movers. In railroading, for example, the tractive power of locomotives per railroad employe increased 11 per cent between 1913 and 1920, but 35 per cent between 1925 and 1927. In manufacturing, the number of wage-earners and the amount of horse power in the average factory have changed as follows:

	Wage-earners	Horse power	Horse power per wage-earner
1914	39	126	3.2
1919	42	137	3.3
1923	45	169	3.8
1925	45	193	4.3

It will be observed that, between 1914 and 1919, there was substantially no change in the amount of installed power per wage-earner, but that after 1919 the amount of power per worker increased nearly one-third.

TO assert that price movements are causing the displacement of men is not simply another way of saying that new inventions are displacing men. Technical change *might* take the form of methods which require less capital and more labor. But the price movements of the last eight years have created an incentive for a *particular kind* of technical change, namely, methods of production, which require relatively little labor. Behind the particular kind of technical change which has occurred are the price movements that have made this sort of change especially profitable. Furthermore, these price movements have made it profitable to displace men even where new machines have not been invented because they have made it advantageous to use the existing machines in situations where formerly it did not pay. Even had no labor-saving devices been invented, recent price movements alone would have caused the displacement of some men.

If the public is spending more in all, but less for the products of farms, factories, railroads, and mines, its outlays for many other things must have expanded stupendously. Some of the ways in which money is being spent produce little employment, and if unemployment today is abnormally large, part of the explanation must be that huge sums are being used in ways that set relatively little labor at work. For example, in 1928 the public spent nearly $70,000,000,000 (*Continued on page* 78)

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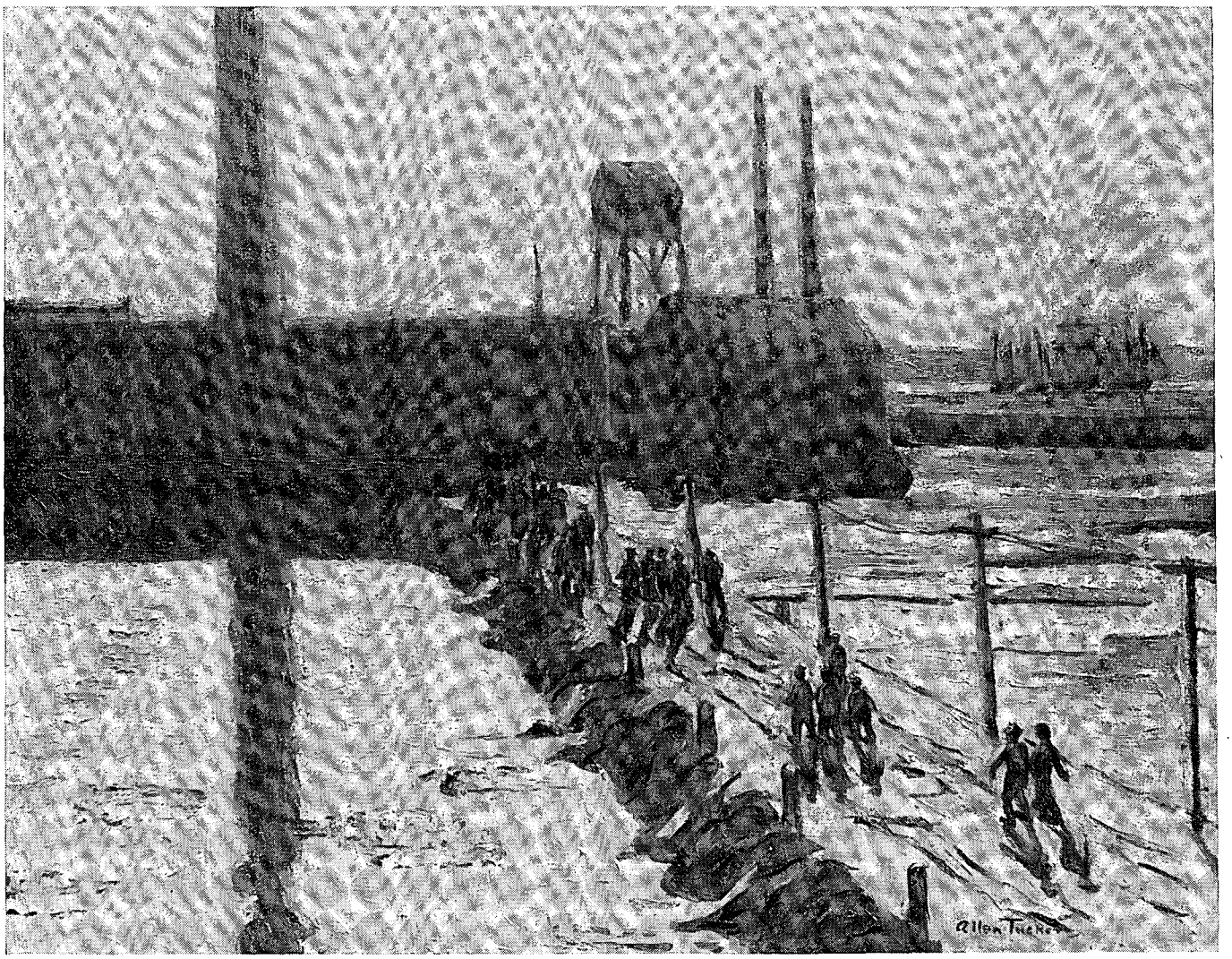

The Day Shift

Workaday America

Three Paintings by Allen Tucker

BY grouping a dozen of Allen Tucker's paintings in an exhibition of "wire and steel," the Frank K. M. Rehn Galleries of New York recently called attention to the interest this American artist is showing in industrial subjects as artistic material. Some of our artists lean backward in an endeavor to escape modern civilization, some of them portray it with sentimentality or with distaste—Allen Tucker is adjusted to it. He is a serious, prolific artist, and since he is alive to everything about him, a friend, a familiar room, a landscape, the industrial scene in this industrial land, too, comes before his seeing eyes. What concerns him is the moment of beauty wherever he finds it. He paints an abandoned building at twilight, huge gas tanks on a snowy day, factories quiet in the summer dusk, with cars on a siding—common scenes to all of us. To reproduce these paintings is not easy; they have a greater bleakness without color than the artist found in them. Modern scenes are not brilliant but neither are they —to Allen Tucker—drab. One must supply in these photographs: to the stream of workers crossing the marsh in the painting above, the pale-blue sky yellowed by the mounting sun, the eight-o'clock sun which duplicates the smokestack in the stagnant water; to the man fixing the storm-damaged wires on the following page, the sky ominous with heavy snow; to the silhouettes of steel ribs and of anonymous workmen, the backdrop of afternoon light. In an age which, whether we like it or not, is inevitable, it means much to have our horizons for beauty enlarged by dramatization of the commonplace.—F. L. K.

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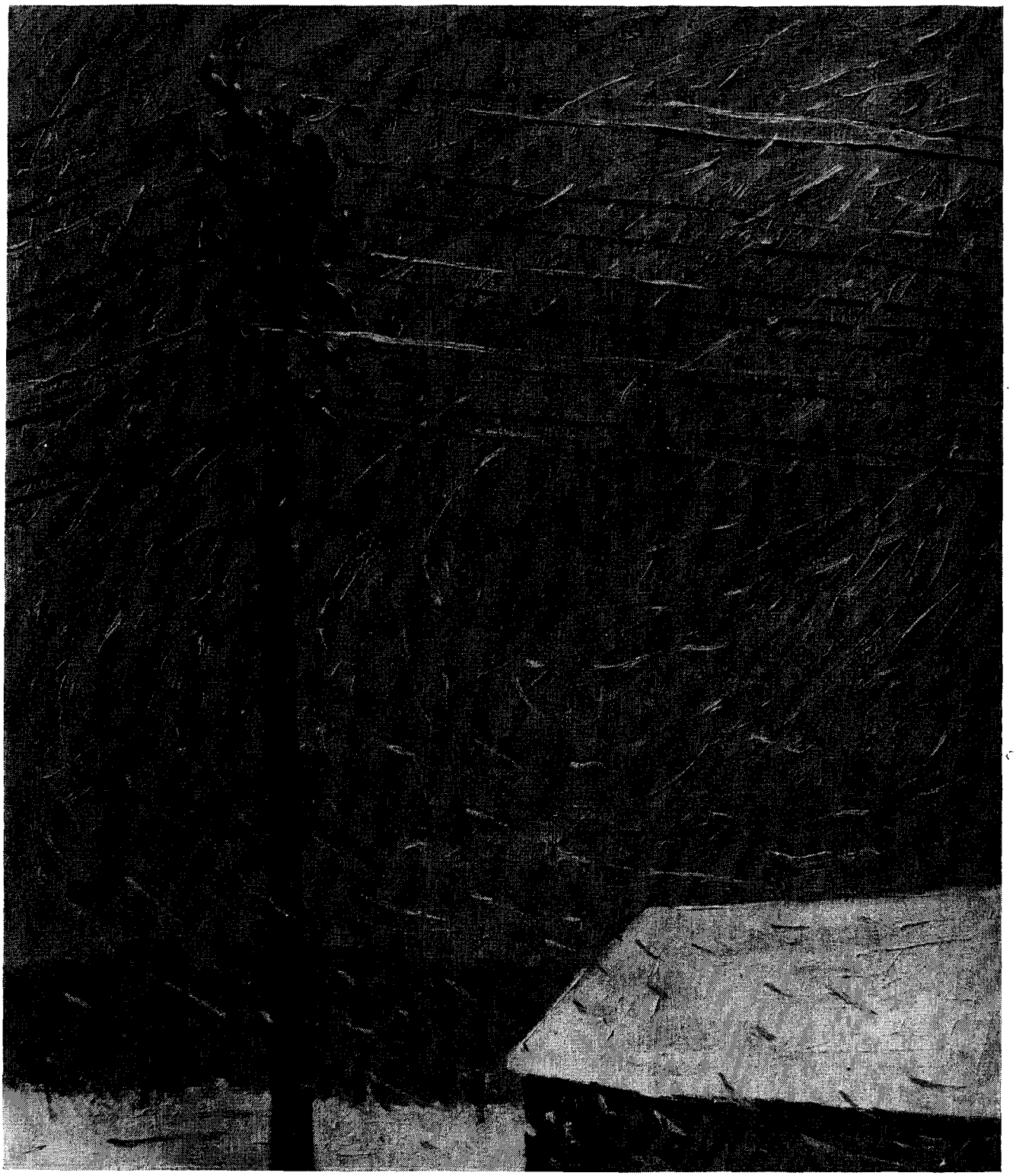

LINEMAN

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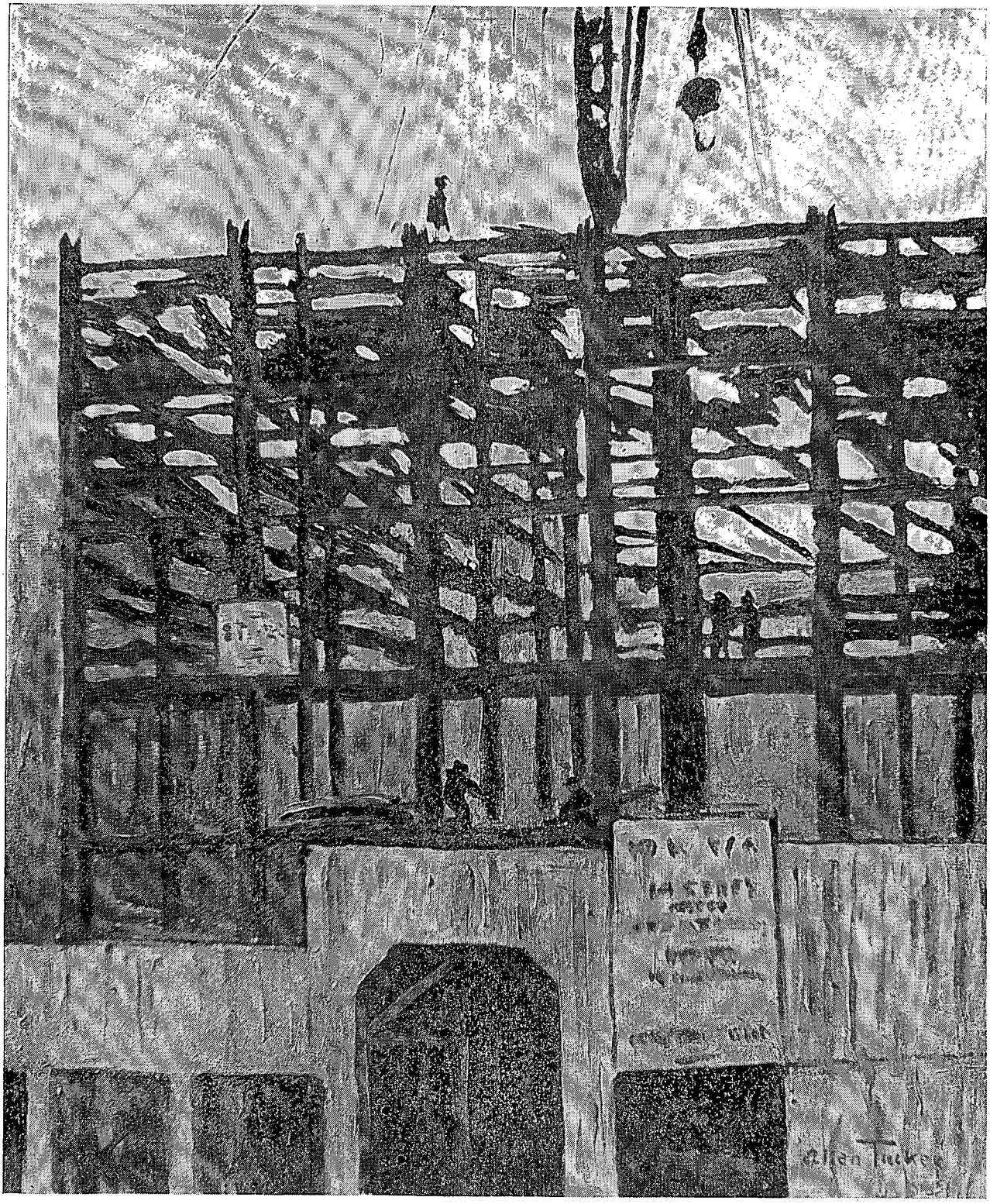

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Shall We Count the Unemployed?

By MARY VAN KLEECK and ADA M. MATTHEWS

SOMETIME within a year—the date to be decided by Congress—enumerators sent out by the U. S. Census will be going from house to house, ringing door-bells and asking questions. Shall they count the unemployed? We have never known in the United States the number of persons out of work at any one time, although much energy has gone into attempts to estimate it.

The first inquiry made by the federal Census concerning unemployment was in 1880, but the results were not compiled because of a lack of funds and because of doubt as to the validity of the results. The unemployment data secured in 1890 and 1900 are not generally considered accurate. Too much of a strain was put upon both enumerators and persons questioned in expecting them to state correctly "the months unemployed during the census year."

In 1910, an effort was made to obtain more satisfactory and complete data on unemployment. The results, although tabulated, were never published—owing to the usual government complaint of lack of funds. In 1920, all efforts to secure information about unemployment were abandoned.

A Senate resolution in March, 1928, directed the secretary of labor to report on the extent of unemployment and part-time employment. After considerable work by the statisticians in the Department of Labor, Secretary Davis made a guess of 1,875,000, which differed by some two or three millions from the guesses of other statisticians outside of Washington. As a matter of fact, the secretary of labor had explained that he was not attempting to report the number of unemployed but only the shrinkage of payrolls between 1925 and January, 1928. The only factual basis even for this was a sample of reports from manufacturing firms and railroads. No figures were available for such important industries and occupations as agriculture, mining, clerical work, domestic service and trade, and the prodigious assumption was made that these branches of the economic life of the country were affected in the same degree as manufacturing and transportation. Finally, the secretary explained that the question raised in the Senate resolution could only be answered through a comprehensive census.

NOW that we are on the eve of taking another census, why not plan to get the facts? Can the previous difficulties be overcome? What kind of questions would be understood by everybody?

The Committee on Governmental Labor Statistics of the American Statistical Association put a sub-committee to work on this problem. This committee suggests that the census enumerator ask, first, "If you are ordinarily gainfully employed, are you now out of a job of any kind?" To this, the answer would be "Yes" or "No," and it is altogether probable that there would be little or no error in the information thus obtained, showing how many of the workers in the population are definitely separated from jobs.

Some who are not out of jobs, however, may not be working today for pay.. The enumerator would, therefore, ask a second question, "If you hold a job of any kind, are you on lay-off without pay today?" Again the answer would be "Yes" or "No." No information would be sought regarding the length of time unemployed in the course of the year, because this requires a long interview and a superior memory on the part of the person questioned.

It would be necessary to add to the schedule the questions generally asked as to the trade, profession, or particular kind of work of the individual and the industry, business or establishment in which he is employed or in which he was last employed if he is now out of a job. From the collection of this series of facts, we might expect to find in published reports exact information for the month of the enumeration as to the number out of work and out of wages under all the main industry headings such as manufactures, agriculture, mines, trade, transportation, professions and so on.

THE need for comprehensive census data has become greater because of the unforeseen and unanalyzed changes which are going on before our eyes in the growth of new industries and in the mechanization of innumerable occupations. It is no longer safe statistically to use samples or to make estimates without frequent checks based upon comprehensive information such as only the Census can afford.

To the suggested count of the unemployed in the Census of Population, should be added the data on employment obtainable from the Census of Manufactures, and similar information which it is hoped may be added to the schedule in the proposed new Census of Distribution.

In the Census of Manufactures, taken every two years, every manufacturer makes a report on the number of names on his payroll month by month for the census year. The Census classifies this by states and by industries. A report is also made for important industries in cities of one hundred thousand and over as to the average number of wage-earners for the year and the total wages.

Owing to the many burdens upon the Census office, it has been proposed to discontinue publishing the data by months except for a sample number of industries. This is a serious loss to the federal Bureau of Labor Statistics and to the various state bureaus which have been making great improvements in monthly statistics of employment. These state and federal bureaus of labor statistics can only take a sample. Their sampling method is adequate if, periodically, it can be checked against the Census. Therefore, it is highly desirable that the Census should collect, tabulate and publish exact, comparable information regarding monthly employment and earnings in the biennial Census of Manufactures and in the proposed new Census of Distribution.

If for 1930 the federal government will give us a benchmark of employment and unemployment, all efforts to increase the security of employment of American wage-earners will become susceptible of measurement of results. Without this, all these efforts are more or less blind.

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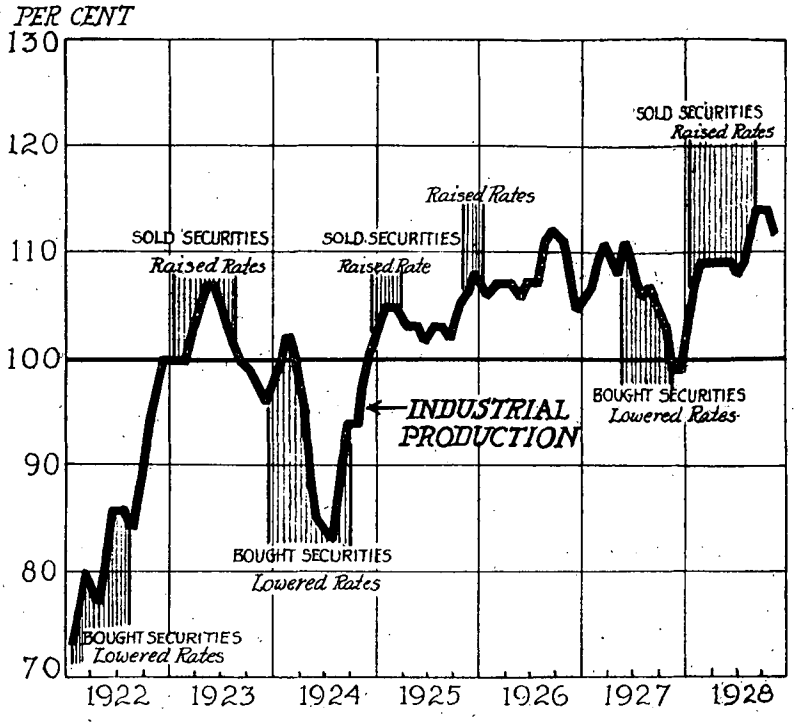
A Balance Wheel of Gold

By W. RANDOLPH BURGESS

PROSPERITY is probably the principal cause of unemployment. The prosperity of 1920 was followed by the unemployment of 1921. The prosperity of 1923 was followed by the unemployment of 1924, and if we turn back to preceding years we find, with few exceptions, that each important period of unemployment has followed a period of unusual prosperity.

The reason for this sequence is not far to seek. In times of prosperity, manufacturers produce goods more rapidly than they are consumed. Merchants load their shelves with inventories. The increased demand for funds for business leads to increased interest rates, with the consequence that new enterprises, like the construction of new buildings, which are dependent upon an ample supply of funds at low rates, are postponed. There thus ensues a period of reduced business activity and reduced employment.



The Federal Reserve System has bought or sold securities and changed discount rates to check booms and relieve depressions

But other social ills than unemployment may be traced to prosperity. Prosperity often gives rise to increases in commodity prices and in the cost of living. At such times prices rise more quickly than the average wage-rates. Thus the worker may find himself penalized even at periods of full employment. Other series of ills arise from the economic dislocations of prosperity. Prices of agricultural products, for example, may rise much more rapidly than other prices, and the farmer, finding himself with a swollen income as he did in 1918-19, buys land at ridiculous prices, subject to mortgages which may weigh him down for a generation. Again, the wages of workers in some one industry—like the steel industry—may rise under the impulse of a labor shortage more rapidly than living costs, and these workers are led to pitch their scale of living at a point where it cannot be maintained, and to make future commitments which cannot be met.

FOR these and other reasons the problem of providing a sound economic basis for social well-being is not simply one of relief of distress when it occurs. There are two problems, one of relief—of providing emergency employment when unemployment occurs, of correcting social maladjustments, and ministering to the injured. But the still more important problem is to deal with causes, to prevent if possible those booms in business which we have been accustomed to call business prosperity.

All of this may be expressed in the language of the economist by saying that the problem is to reduce the swings of the business cycle; to keep business from rising so high on the flood tide of prosperity, and to keep it from receding so low. Continuous business stability is more conducive to social welfare than recurring bursts of prosperity with recurrent lapses into depression. These bursts and lapses are profitable for the speculator. They operate to shift the country's income from the worker to the speculator. They are not desirable for the well-being of all.

We should be deluding ourselves if we thought this an easy problem. It may be that these tides of business can never be repressed wholly, for they may be based upon the mercurial qualities of the human spirit, which range from optimism to pessimism and from enthusiasm to depression. In fact, no one has satisfactorily demonstrated the causes of the business cycle, and so we do not know how great success we may have in reducing its fluctuations.

Some methods of alleviating, if not preventing, the swings in the cycle are in use or have been proposed. In recent years, partly as a result of war demonstrations, business men have been learning a new technique of controlling their operations by the use of statistical methods. Many automobile companies, for example, now compile such accurate records of the inventory of automobiles, and of the current rate of sales, and such careful estimates of future expectancies, that they may adjust their operations promptly to any change in demand, and avoid the building up of huge inventories which would spell long periods of unemployment in the factories.

Another hopeful proposal is that for a reserve fund to be applied to building construction during periods of unemployment.

Whatever may be the dominating influences in the business cycle, economic writers are agreed upon the outstanding importance of the supply of money as one of the operating causes. Generally speaking, cheap money leads to business expansion and dear money retards business. This does not happen immediately, but over a period of months. The tendency is illustrated in the diagram on page 24, in which open-market interest rates for short-term commercial loans are compared with the volume of building construction. Over a long term of years, low money rates have

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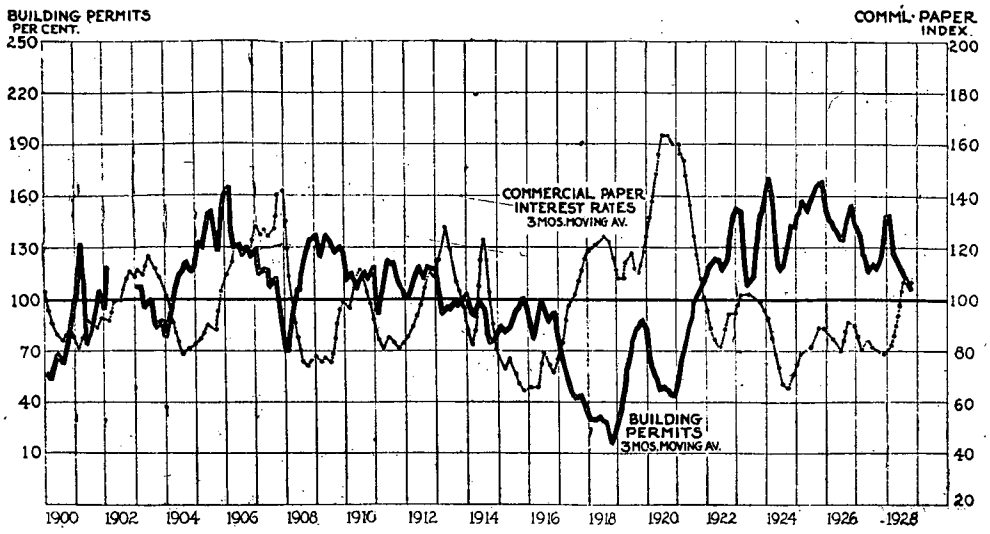
BUILDING PERMITS PER CENT.
COMM'L PAPER INDEX
COMMERCIAL PAPER INTEREST RATES 3 MOS. MOVING AV.
BUILDING PERMITS 3 MOS. MOVING AV.
1900 1902 1904 1906 1908 1910 1912 1914 1916 1918 1920 1922 1924 1926 1928

Over a long term, low interest rates have tended to stimulate building activity, while high rates have tended to check it

tended to stimulate building construction, whereas high money rates have tended to check it. The same general conclusion applies to other forms of business.

It is not so much that business is directly affected by a variation of 1 or 2 per cent in the interest rate which business men pay when they borrow money from the banks or finance their operations through the sale of stocks or bonds. The significance of these changes in interest rates is that they indicate changes in the availability of money. When interest rates are low, it is a sign that the banks have plenty of money on hand and are ready to lend to business men for any legitimate enterprise. But when interest rates are high, it is a sign that the banks do not have on hand a supply of loanable funds, and they are ready to lend money only to customers concerning whose enterprises they feel exceptional confidence. It is in this way that changes in the supply of money affect the volume of business and the amount of employment.

Before 1914, the supply of loanable funds in the United States was at the mercy of economic events. If gold was imported, money became plentiful and cheap. If gold was exported or if the demand for credit or currency increased rapidly, money grew scarce and dear. There was no regular means by which the supply of loanable funds could be readily increased or diminished in order to prevent monetary disturbances; no regular means by which some credit influence could be brought to bear on the movement of the business cycle.

To a certain extent, natural forces tend to restrict the swings of the business cycle, because when prosperity is at its peak it requires the largest amount of funds; hence money rates tend to be high. Conversely, when business is depressed, it releases funds and money rates are reduced, thus tending to stimulate business. But there are many times when chance events, like gold movements due to conditions abroad or to a crop failure here, would exert an influence upon money rates quite contrary to the best interests of business stability.

The Federal Reserve System was devised as an aid to bringing about a better adaptation of the supply of credit to the needs of business. It provided a means of putting aside for emergencies and busy periods a reserve of banking funds which could be brought out and put to work when necessary. When the Reserve System was started in 1914, the reserves so set aside were comparatively small but, largely as a result of huge gold imports since that time, our banking reserves have been built up to very substantial size. In fact, we now have in this country something like 40 per cent of the world's supply of monetary gold. The Reserve System moreover provides a means for using these reserves more economically; so that we now have very large reserve resources which can be drawn upon in case of need. The usual method by which these reserve resources are put to use is by banks borrowing at the Federal Reserve Banks.

The Federal Reserve System has two principal means of influencing money rates, and through them of influencing the movement of the business cycle. One is the discount rate, which is the rate of interest the Reserve Banks charge banks which borrow money from them. Since the banks are at all times borrowing something from the Reserve Banks, fluctuations in this discount rate have an important influence upon interest rates generally.

The second means by which the Reserve System influences money conditions is what are known as its open-market operations. These consist in the purchase or sale of government securities. When the Reserve Banks purchase government securities, the funds they pay for these securities are put into use and tend to make money rates easier. Conversely, when they sell securities the purchaser has to pay the Reserve Banks for them, and thus funds are withdrawn from use.

IN these two ways the Reserve System influences interest rates and the supply of funds available. The word influence is used instead of some stronger word like control because the Reserve Banks are only one of a good many forces which affect money rates, and it is impossible for them to control rates completely. A thousand different influences are at work in world money markets. Funds are constantly flowing back and forth from one country to another and from one part of the United States to another. The world's new production of gold is being distributed throughout the world; some countries are importing gold and some are exporting. The size of the crop in each country affects the demand for money and the international flow of funds. Domestic business is constantly changing its requirements for bank credit and currency. Thus Federal Reserve operations are only one of many influences constantly at work.

The experience of recent years illustrates the nature of the influence the Reserve System exerts upon the course of business. The diagram on page 23 shows for the past seven years the changes in business activity, as shown by industrial production, and the way in which Federal Reserve policy was related to these changes.

The year 1922, for example, was a year of rapid recovery from business depression, and by the end of the year things were moving pretty swiftly; speculation was active; commodity prices were rising; business was very active; inventories were increasing; there (*Continued on page* 82)

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Prosperity Reserves

By OTTO T. MALLERY

Cartoon by A. W. Chapin

THE newest ocean liners have queer-looking bulges at the water line. These are stabilizing tanks. When a storm tries to rock and roll the ship, the stabilizing tanks say, "No; so far and no farther."

Strange! Ships have been rolling the oceans for thousands of years before any one thought of this simple device to steady them. Strange also that no steadying device has been developed to prevent the heavy rolling of industry, which every now and then spills millions of workers overboard into the rough seas of unemployment. But now stabilizing tanks are being forged to keep the industrial ship on a more even keel.

Many sound and well-managed businesses stood on the brink of disaster in 1921. During the preceding century, periods of depression similar to 1921 occurred every five to ten years. During these successive periods many a capable business man, after a lifetime of success, contemplated a bullet in the brain as the only way out. Bread lines were long and desolate as the faces of the hungry unemployed. The picture of an army of willing and capable workers idle through no fault of their own was made a bitter indictment of the ruling forces of society, whoever these were supposed to be. Capitalists, profiteers, labor-saving machinery, were the favorite devils—large-scale machinery that eliminates workers faster than the consumers' market develops. Waste, suspicion, fear prevailed until the need of a remedy was felt rather than a convenient devil to relieve the emotions upon.

The Public Works Reserve is one of these constructive economic remedies—not a universal panacea, but a necessary governmental contribution to any effective program, even after employers and industry have done their utmost. It is a determined policy to expand and contract public works in accordance with the ups and downs of business activity.

The United States Senate has before it two bills to develop this policy. One has been piloted by Senator Wesley L. Jones of Washington to a favorable report by the Committee on Commerce and to the floor of the Senate. This "Prosperity Reserve" bill (S.2745) authorizes a reserve of $150,000,000 to be expended upon federal public works only when an industrial storm is rocking the ship. The storm signal is a 10 per cent fall in the volume of all construction contracts for a three-months period, as compared with the average of the same period for the three preceding years.

PICTURE what would happen if this bill passes and a depression occurs. The construction bureaus of the government would have had years of notice to be ready with plans. The Supervising Architect of the Treasury, for instance, would have specifications ready for post offices in all the towns for which Congress had authorized but not appropriated. The Bureau of Public Roads would have made its plans to speed up the extensive road building which it helps the states to pay for. The President, under the terms of the bill, asks Congress for the appropriations previously authorized. The old-time debates are short-circuited as to whether there is unemployment, if so whether it is greater than at some other time, or greater than when the debate began. The number of unemployed has always been as troublesome a question as "How old is Ann?" Whatever is to be done will be done promptly. Work will be started. Materials will be made. Commodities will flow over the railroads, and new purchasing power created.

If Congress should not be in session some unavoidable delay may occur, but in recent years Congress has been in almost continuous session. Anyhow we must accept this limitation because only with the greatest reluctance would Congress give the executive branch a free hand with such a potent reserve.

In discussing the Jones bill, Senator Robert M. LaFollette, Jr., asked if the amount of construction contracts was the best index of business activity. Ex-Senator George Wharton Pepper replied: "Perhaps not, but it is the simplest. The world cannot be saved by any complicated scheme." Salvation by higher mathematics would bring unemployment to St. Peter himself. "I think," Senator Pepper resumed, "that this simple proposal can be presented to the public mind in such a way that the cities and states will follow suit."[1] So the volume of construction contracts was chosen because so simple and because so quickly and authoritatively ascertained—like stock quotations. It is far from being a perfect index, but all others suggested had greater disadvantages.

THE appropriation authorized in the Jones bill doubles the usual annual sums. The kinds of public works are to be usual ones—roads, public buildings, river and harbor work, and flood control. When construction falls 10 per cent, federal construction is to double. No one has to take the responsibility of saying that times are bad and thus bring maledictions upon himself for being the bearer of bad news. The signal is nearly automatic. No interpreter of business conditions is required. By a pre-agreed signal the prosperity reserve is to be released to sustain or restore prosperity. Senator Pepper summed up the Jones bill by saying: "It suggests that there is an index of business activity which can be consulted with some approximation to confidence. When the index points to trouble, you can do what is equivalent in warfare to throwing in the reserve troops where the line is threatened. The reserve may be small compared to the number of troops engaged, but at the right time and place it may turn the tide of battle."

Another good measure with the same purpose has been introduced by Senator Robert F. Wagner of New York (S. 4307). Perhaps it is too complete and too good; the Jones bill is shorter. The Wagner bill creates a new board and new machinery; the Jones bill does not. The Wagner bill leaves the signal of unemployment to the board, although

[1] Report of Committee on Commerce, U. S. Senate; Report No. 836, 70th Congress, 1st Session, on bill S. 2745.

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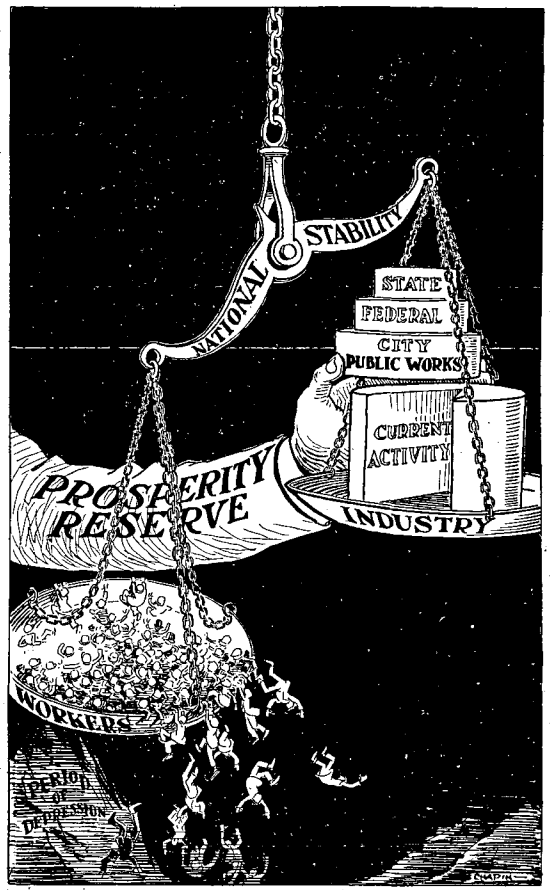
only an unusually courageous board would dare to give any; the Jones bill makes the signal automatic.

The idea behind both is old and respectable. The pyramids are said to have been built by the unemployed. Before the French Revolution the great finance minister, Turgot, tried to breast the rising tide of desperate unemployment and starvation by a public-works program. Frederick the Great of Prussia had the canny habit of keeping soldiers profitably and safely busy between wars by setting them to drain the worthless swamp lands now so productive. The distinguished engineer, Rawlinson, inspired the British government to provide employment for the operatives of the cotton-manufacturing cities whose populations were thrown out of work by the blockade of our southern ports during the Civil War. In post-war England, a halfhearted effort was made to expand public works. Germany, during the darkest days of discouragement and inflation, executed an intelligent and extensive program. More of Frederick the Great's swamp lands were transformed into good farms. Electric-power plants, canals and roads were built. Work was expanded in direct relation to the amount of registered unemployment. France, in 1910, theoretically accepted long-range planning of railway equipment, but the War intervened and the plan was apparently forgotten. In this country, the first move was made by Senator Kenyon of Iowa, who sponsored the forerunners of the present bill in 1919 and 1921.

MOST of these European samples differed fundamentally from the Jones and Wagner 1929 models. They were makeshift attempts to install brakes when the automobile was plunging down hill. They sought to relieve needy, unemployed individuals rather than to stabilize general employment. They sought to make work. They employed the idle whether fitted for the job or not, instead of setting in motion a purchasing power which would stimulate a general demand for many products.



Prosperity Reserves use public works to balance the ups and downs of business activity

The U.S.A. 1929 models have four-wheel brakes in place while the car is still on the up-grade. And the fuel reserve is in the reserve tank. They are not concerned with relieving idle textile workers by giving them road jobs at less than standard wages (as an early British example). They propose to employ construction workers on construction jobs at usual wages. They will purchase materials such as steel, glass, cement, bricks, and the products of twenty-three other industries—as made by the usual workers in those industries. They propose no relief scheme, but an economic measure. They embody a principle recognized only in our generation—that "the purchasing power of the average man is the spring of prosperity." The five-and-ten-cent man is the giant of economics. He dominates the demand for many industries, each dependent upon another.

The interdependence of apparently unrelated industries is close. When the workers in industry No. 1 are thrown out of work, they purchase less goods of industries No. 2, No. 3 and No. 4, whose workers are then thrown out and purchase less of the products of industries No. 5, No. 6, No. 7 and No. 1. Who could guess that the fruit crop determines the demand for manicure sets? A wholesale hardware house made a fortune by finding this out. A hundred traveling salesmen were required to report weekly the condition of the byproduct fruit crops in grain territory. The house had observed that when the grain crop was profitable, the farmer bought tools and machinery, but if the fruit crop was good the proceeds were the wife's perquisite. She bought manicure sets and kitchen utensils, and this house was ready with the goods in the neighborhood store. Industries lean on one another like the walls in a house of cards—to hold one another up or push one another prostrate.

Fortunately what looks like a total prostration of industry is far from it. The worst depression is only a 15 to 20 per cent fall in production. Therefore a relatively small amount of new orders, such as a public-works program can reasonably offer, will do much to sustain the structure. For new orders multiply themselves with surprising rapidity. The American dollar in circulation is a speed devil. It may jump quickly out of your pocket but the next fellow is also competing for the record. The dollar, like Paddy's flea, is never where it was. Look for the public-works dollar where it was—in public works—and it is not there, having jumped into the corner storekeeper's pocket. It jumps so fast that you cannot trace it, but like the flea it leaves its mark. The steel worker feels it and the ice-cream man, an excellent thermometer of prosperity. The teddy-bear maker and the garment worker feel it. It wakes the alarm-clock maker, speeds up the scooter specialist, creates jobs as apparently unrelated to public works as Spitzbergen is to Africa.

A few hundred million of new public-works credit is like the flow of water in an irrigating ditch. It spreads above ground and under ground. Only the result is seen, the magic touch into life. The trouble has been to start the flow of credit when needed. Credit has been frozen like ice in the mountains when the fields below were parched. Sometimes credit has thawed. The President's Conference on Unemployment in 1921, under Mr. Hoover's leadership, called upon every community to expand public works as part of a national program. The flow of credit doubled. In 1921 the cities sold twice as many bonds as in any previous year, and kept it up in 1922. Conditions were favorable because the World War (*Continued on page* 87)

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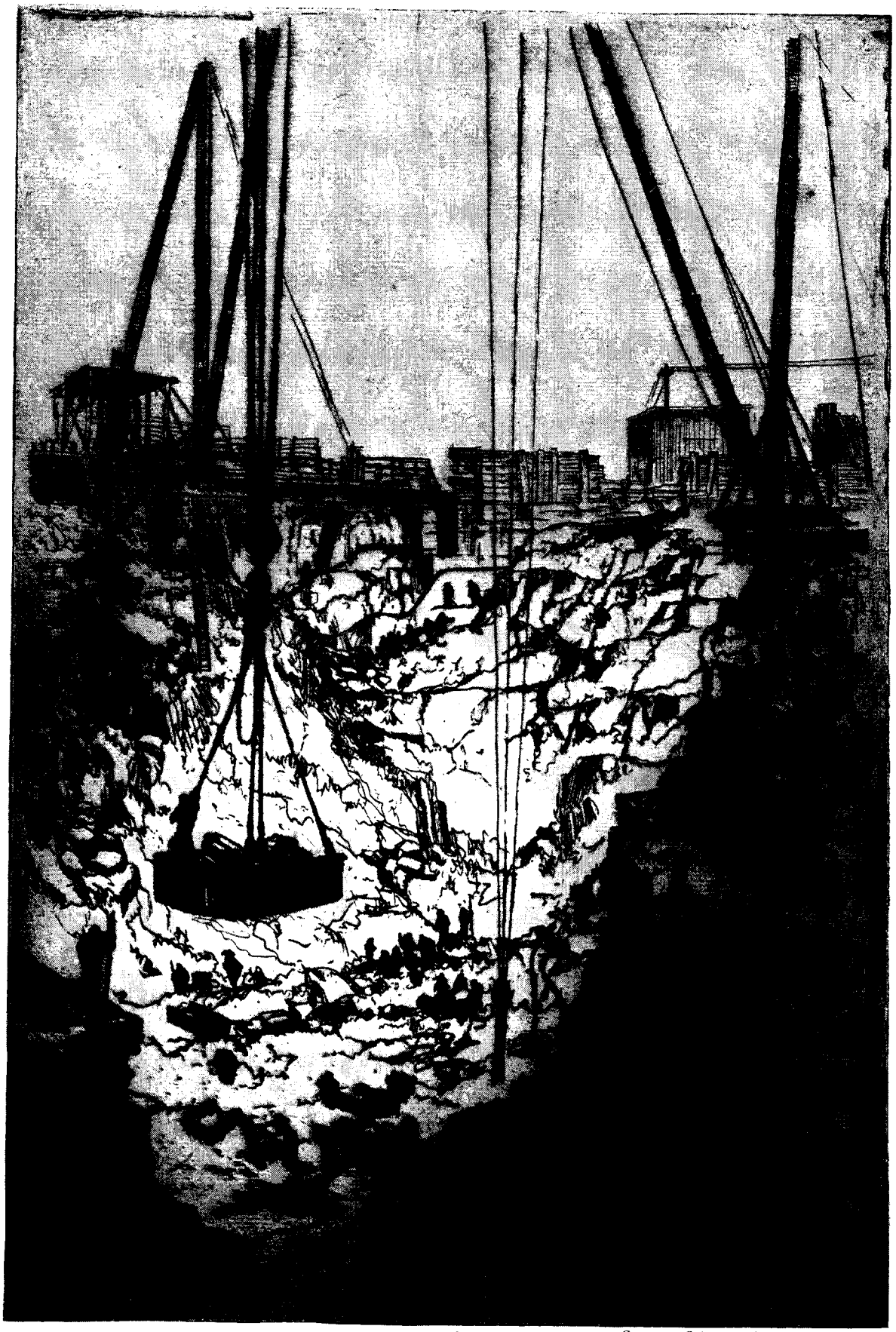

Courtesy Schwartz Galleries, New York

EXCAVATION

Etching by O. Kuhler

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A Problem in Economic Hygiene

By SAM A. LEWISOHN

UNEMPLOYMENT has at times been regarded as a sort of specific germ disease. The attempt was to isolate the germ "unemployment" and find an antitoxin.

Today, of course, those who have any serious concern with the problem recognize that unemployment is no more a specific disease than, let us say, a rash. In other words, it is a symptom which may be brought about by diametrically opposite causes. A rash may come from hyperacidity because of faulty hygiene or sunburn from a healthy regime; so unemployment may be due to bad management which creates seasonal unemployment or good management which causes technological unemployment.

Unemployment may be traceable to a temporary and superficial situation like the conditions created by the change in the Ford model last fall, to the deep-lying, recurrent fevers of cyclical disturbances, to healthy national "growing pains" —such as the recent improvement in American industrial processes—or to an acute situation due to a fundamental change in national economy such as has taken place in post-war England and Austria. At one place and time it may be the price of progress, at another the sign of decay. The "causes" are not always clear. We can never be sure whether a longshoreman's being out of work is due merely to a failure of a single industry to regularize its casual work, to the introduction of some mechanical loading device, to a business depression, or to a long-time change in the course of trade.

The crude oversimplification of the problem in the past led those who were interested in meeting the problem to divide themselves into two camps. On the one side were those who thought that all that was necessary to solve the problem was to apply direct relief to the symptoms in the form of some simple remedy. In the other camp were those who, believing that unemployment was due to some obscure, inevitable disease, felt that the only possible course was to await the finding of a specific radical cure.

The modern viewpoint is that we are not relegated to the alternatives of *panaceas* or *neglect*. Avoidance of unemployment, so says the scientific and humanistic spirit of the day, is to be regarded as a moral necessity in every economic situation in which the danger of unemployment manifests itself in the hope that in each case this moral necessity may be the mother of invention.

THE prime requisite is to keep in mind not merely that unemployment is an obvious economic indecency but also that it is to a surprising degree susceptible of control. As a consequence there will be moral pressure upon both doers and thinkers, constantly to exercise their ingenuity to avoid it. For though from a scientific economic point of view unemployment is a symptom, socially it is a tragedy.

It has been found that the control necessary to obviate or avert this blighting insecurity must be exerted in many unexpected quarters. Men in many different walks of life are drafted, where the faulty working of the particular activity in which they are engaged creates or adds to unemployment. It is often merely an extension of their routine duties. The financier, the business executive, the operating manager, the economist, the sales manager, the public official, the engineer, the trade-unionist, the social worker, each one can assist in meeting this problem whether it is through regularizing the operations of individual plants to minimize seasonal unemployment; through sound credit control; through public fiscal policies; through abler management methods; or through demonstrating the tragic consequences of unemployment and using trade training and guidance to turn unemployables into employables. All hands can unite in working out adequate employment exchanges to make our economic "growing pains" less severe.

Thus progress in combating unemployment will be achieved by an attack on each particular situation which directly or indirectly is a factor in causing unemployment.

IN some cases the effort to change the arrangements in a particular industrial situation may be solely directed to prevent unemployment. Probably the sole purpose in providing a clearing house for dock labor, for example, is to prevent the intermittent employment of labor and the demoralizing effects of a casual labor problem. To the same single purpose of lessening unemployment may be ascribed the propaganda for a system of nation-wide employment exchanges. There may be collateral advantages, but the main effort is to cut down the unemployment labor reserve.

In other cases unemployment may be only one of a number of evils to be obviated by a suggested program. The objective sought in the prevention of financial panics through the creation of the Federal Reserve Board was not solely the lessening of unemployment. For though the failure to solve this problem served to increase and prolong periods of unemployment, this was not the only disastrous result. The slowing up of production, and financial shipwreck for many business men, were other unpleasant consequences. The desire to prevent those consequences was doubtless as important in bringing about a better Federal Reserve System as the desire to prevent unemployment. Eliminating unemployment is also only one of the objectives in the effort to lessen "seasonal" aspects of business.

But the very poignancy of the unemployment problem should serve when driven home as an incentive more calculated than any other objective to accelerate the solution of such situations. Here is a powerful stimulant to arouse the social imagination of those equipped with the needed technical qualifications and economic influence.

Behind these leaders must be ranged a public opinion insisting that unemployment is an evil to be guarded against in the consideration of every industrial and civic situation.

Above all, it must be borne in mind that the proper time to direct thought and action upon the various situations that create unemployment is not when we are facing a crisis but rather during "normal" periods. As a result, what we think and do may go beyond superficial relief to fundamental causes.

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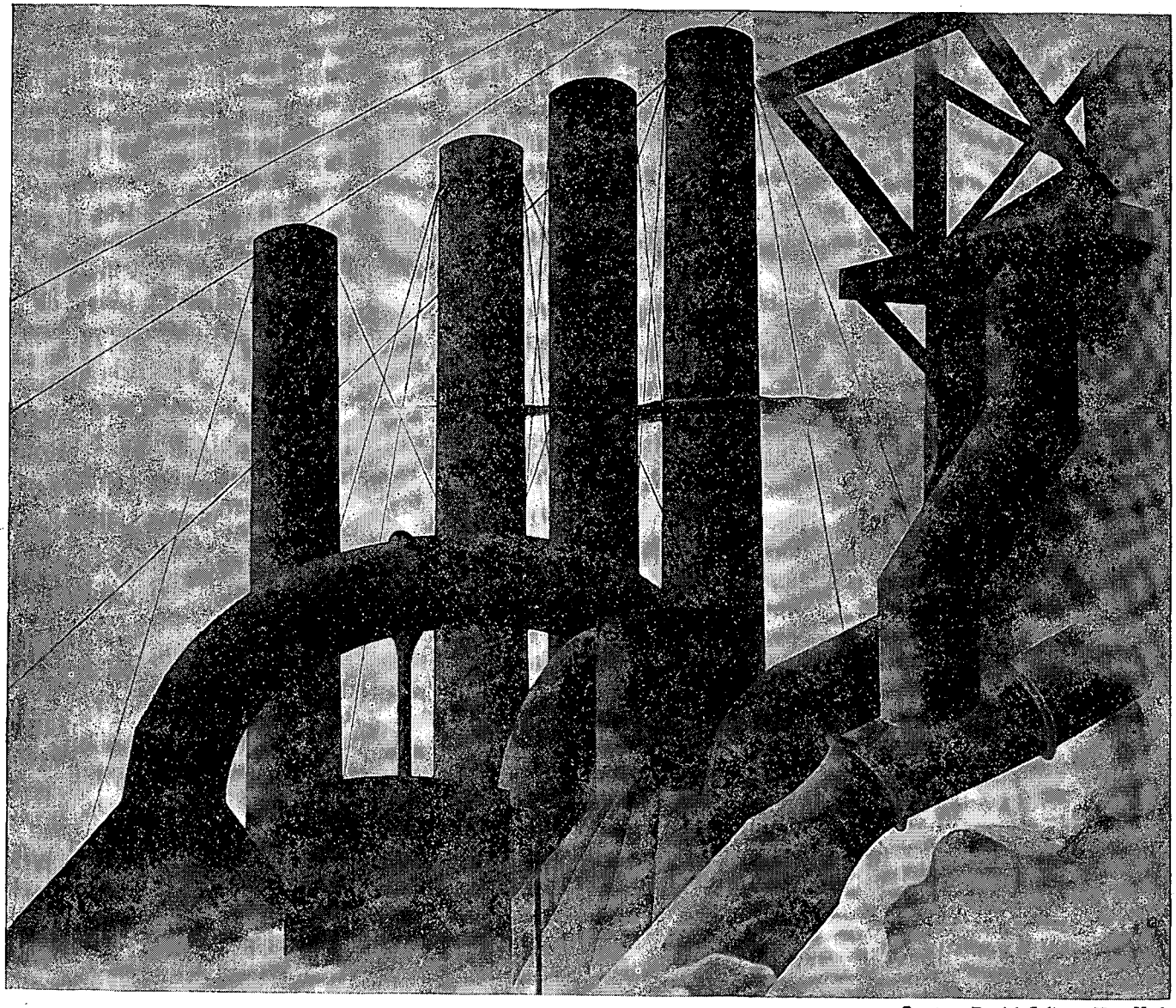

Courtesy Daniel Gallery, New York

Pittsburgh. Painted by Elsie Driggs

Ironing Out the Cyclical Curve

By L. W. WALLACE

THE upward and downward movement of business, recurring at intervals during the past century, has become known as the business cycle. Mr. Hoover, in the Foreword to Business Cycles and Unemployment, states: "Broadly, the business cycle is a constant recurrence of irregularly separated booms and slumps. The general conclusion of the committee [Committee of the President's Conference on Unemployment] is that as the slumps are in the main due to the wastes, extravagance, speculation, inflation, over-expansion, and inefficiency in production developed during the booms, the strategic point of attack, therefore, is the reduction of these evils, mainly through the provision for such current economic information as will show the signs of danger, and its more general understanding and use by producers, distributors, and banks, inducing more constructive and safer policies."

Since the President's Unemployment Conference in 1921, and the issuance of the report by its Committee on Business Cycles and Unemployment, marked progress has been made in the collection and dissemination of data relating to the business cycle. Because of the dissemination of such data, there is a growing appreciation of the factors that contribute to business booms and slumps.

This appreciation of the influence of such factors quite naturally has led to the adoption of ways and means—to a degree at least—of controlling the business cycle. This does not imply that there will not be business depressions in the future, but it does indicate that these are likely to occur at less frequent intervals and in a less violent manner.

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One of the things that is materially aiding is the rapid growth in available statistical data bearing upon the subject. These data are enabling business men to decide more intelligently what the trends in business are, and therefore to adjust their policies in time to protect themselves from the evils the trends indicate. Very naturally a foreknowledge, however meager, of a coming event of ill import enables business men materially to lessen its effects.

ANOTHER factor contributing to a better control of the business cycle is pre-planning, which is gaining rapidly in industry and commerce. Pre-planning is a means of endeavoring to avoid emergencies. The length of time for which plans can be made varies, of course, with the character of the product and the enterprise engaged in. However, every step in simplification of methods and products and in their standardization allows for longer planning periods and therefore a greater safeguard against the influences of the business cycle.

It can be said that the progressive movements of simplification and standardization of methods and products are contributing noteworthily to the leveling out of the peaks and hollows of business activity.

Budgeting and cost-keeping are material aids to planning. The remarkable increase in the use of budgets and cost systems during the last eight or ten years is evidence of increased pre-planning and hence of a better understanding of the means to stabilize business.

That industrial and commercial leaders have a keener appreciation of the need for endeavoring to smooth out the business cycle is evidenced by the increased control of inventory and stock in process. There has been a remarkable change of practice in regard to these factors in recent years. As a single example: at one time automobile manufacturers carried in stock several weeks' supply of process material. Today they carry only a three or four days' supply. This practice is duplicated in many other lines of activity.

It is to be recorded that the increased efficiency of railway transportation, particularly during the last six to seven years, has played an important part in enabling industry and commerce to carry smaller inventories, hence it has been an important factor in ironing out the business cycle in the United States.

In the great field of construction there has been relatively more planning with reference to long-time conditions since 1921, than prior to that year. Conscious efforts are now being made to prosecute new work with reference to available supplies, labor and materials. This has materially reduced the intensity of seasonal and other temporary fluctuations.

Such public utilities as railway, electric and gas companies are now projecting their large construction programs in terms of the business cycle.

There is a growing thought in the nation that all governmental agencies, including federal, state and municipal, should give consideration to the business cycle before launching public-works programs. This thought has already found expression in two bills now pending in Congress.

If the public-works construction of governmental agencies of the United States were withheld during the periods of booms and released during periods of depression, they would, in a large measure, smooth out the peaks and valleys of the business cycle. According to the Engineering News-Record, in 1927 there were expended for six classes of public works the following amounts: Water works, $53,189,000; sewers, $118,132,000; bridges, $143,645,000; streets and roads, $525,069,000; excavation, drainage, and irrigation, $42,500,000; by the federal government, $50,763,000—a total of $932,703,000.

If some practical plan could be devised—and there are many able men who feel there can be—whereby some appreciable percentage, say in the order of 25 or 30 per cent, of such expenditures could be withheld each year in the form of a reserve to be released when it becomes evident that a marked business depression is about to occur, it would have a tremendous influence for good. The mere moral effect would not be insignificant. The fact that it was generally known there was some billions of dollars being held in reserve to be released at a given danger signal would, within itself, maintain the morale of business and industrial leaders and would postpone and decrease the depth and duration of a depression.

THE industrial and commercial trend of the United States in the last ten years clearly shows that industrial and commercial leaders are becoming thoroughly aware of the business cycle and are equipping themselves so that they may more adequately deal with it than they have been able to do in the past. Probably it was due to this fact that the flurries in 1921 and again in 1927 did not in either case reach the status of a panic.

This fact, coupled with the operation of the Federal Reserve Banking System, has gradually stabilized business conditions in the United States. It would seem only logical and right that the next step towards smoothing out the business curve would be for governmental agencies to do some pre-planning on their own part in relation to public improvements. If the governmental agencies should meet their full responsibility in this regard, coupled with what business and industry are now doing and preparing to do, then it would not seem foolish to anticipate that in the course of a relatively short period of years such a business depression as occurred in 1893 and 1907 would not recur in the United States.

The ends involved are economic stability, human well-being, and increased standards of living for the masses of people. These ends are worthy of most intelligent and fair-minded efforts.

The Engineering View

INSTEAD of a rigid economic fact, only less certain and predictable than the tides, the business cycle has come to be generally regarded as a trend or tendency in modern business life. The factors that modify and control this trend are more absorbing to economists and industrial leaders today than are mathematical formulae for its movements. In this article, the executive secretary of the American Engineering Council brings together some of the devices that have been worked out to level both the crests and the troughs of the cyclical curve. Elsewhere in this issue, the methods and the implications of some of these feats in social engineering are discussed at greater length.

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The Last Weber Wagon

By CYRUS McCORMICK, JR.

ONE of the happiest privileges of manufacturing is to be able to increase production; its saddest duty is to ring down the curtain on work that men have done for years with ease and pride. Yet in all the history of the International Harvester Company, there are no finer pages than those that were written while the last farm wagons were being made just before the closing of its Weber Works in Chicago.

That was in the spring of 1928. The first Weber wagon was built in Chicago in 1845, and through the succeeding years the Webers became known wherever wagons were sold, principally because of the interest the group of workmen took in their product. About the time the first automobiles were being seen on the streets of Chicago, the young and growing International Harvester Company acquired the Weber property and along with it inherited the Weber goodwill and Weber's force of seasoned and experienced wagon makers. Thereafter the business increased until at the end of the World War the plant's facilities were such that it could easily maintain a schedule of two hundred wagons per day and employed more than six hundred men.

In 1919, the Harvester Industrial Council Plan became operative at Weber Works, and it was through this council that the temporary shut-down occasioned by the agricultural depression at the end of 1920 was engineered. In view of the complete cessation of the demand for farm wagons, it was obviously impossible to continue running the factory, and a committee of council members was appointed to advise the workmen of the conditions of the business. As many men as possible were taken care of in such other of the company's plants in Chicago as could continue to operate. Laid-off employes were urged to retain their membership in the Employes' Benefit Association, and advice was given concerning the preservation of rights under the profit-sharing plan then in effect. With the cooperation of the council, the company did everything it could to ease the strain of the shut-down.

Late in 1922, the farm-wagon business began to show signs of revival, and former employes who cared to return were gradually called back to their familiar jobs. To condense a long story, the way the Weber Works Council (and all other Harvester Works Councils) weathered those dreary days of curtailed production and of no production at all was at least gratifying. Following the inevitable period of readjustment, they emerged from the whole gruelling experience determined to show their confidence in the management and to do all in their power to promote constructive activities of mutual benefit to the employes and the company—to advance quality, to increase efficiency, to reduce and eliminate accidents, and to establish better coordination among the employes themselves, as well as more effective cooperation between the employes and the management.

Although the wagon business improved somewhat in 1923 and 1924, it was soon evident that its strength was being sapped by a cause other than lack of buying power among the farmers. The motor truck was pushing the wagon off the road and off the farm. By the beginning of the 1928 manufacturing year, we were completely satisfied that this was no longer a wagon country; that the wagon's period of usefulness had passed.

Resistance to the advance of progress in engineering, manufacturing, management or in any industrial activity is never a sound business policy. One must look forward. In this case the Harvester Company had on its hands a comparatively modern plant, specially equipped to make wagons—and farmers no longer wanted wagons in sufficient quantities to pay us to continue production. To make the problem more difficult, the workmen in the plant were mostly long-service employes. Some of them had made wagons practically all their lives. Many owned homes in the immediate neighborhood; they loved their work—considered it almost an essential part of themselves.

Of course these men could read the signs of the times. They saw streets that had once resounded to the clip-clop of hoofs and the low rumble of carriages and wagons now crowded with automobiles and trucks. They saw, too, that some of the machinery we had installed when wagon production was at its peak was being hauled away to other places or sold.

WE realized how these things must affect the employes. As soon as we definitely decided to discontinue wagon production, I instructed the manager of our Industrial Relations Department, who is also chairman of the Works Council, to bring up the subject at the next council meeting. Accordingly, he accompanied the works manager to the plant on February 2, 1928, prepared to tell the elected representatives just what the conditions were and what the company intended to do. When, finally, the chairman called on the superintendent, with the explanation that he had an important announcement to make, there was a moment of tense, interested silence.

"The wagon has seen its day; the motor truck is taking its place. Lately we have not been making enough wagons to justify operations. Accordingly, the management has had meeting after meeting regarding what should be done with Weber Works. Finally, it was decided that, beginning the first of April, the making of wagons here would be discontinued. However, we shall at that date still have a considerable number of repair parts to make; and we must also dispose of our unused wood stock. Hence it will be close to the first of July before all items are finally completed.

"Now most of you sitting here are thinking, perhaps a little sadly, and no doubt with a good deal of concern, 'What is to become of me?' Every employe in this plant will sooner or later be asking that question. It will be up to you representatives to supply the answer. You can tell the long-service men and every other man that they will be taken care of, if they want to be, at the various Harvester plants. No one will lose a day's pay because we have to close Weber Works. Further, I want you to carry every-

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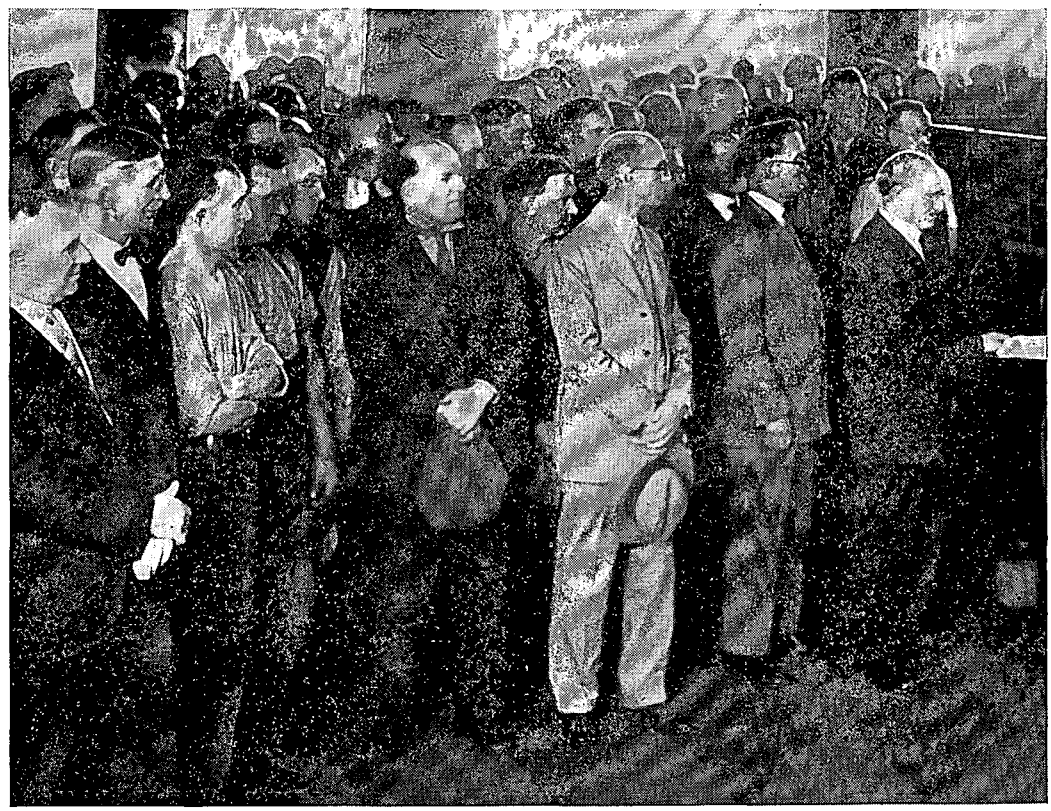
thing that I said in this meeting out into the shop."

As he said this he was writing a fine, new page in the history of industrial relations. In early February, he was telling men that their jobs would end sometime between April 1 and July 1. In former years, this would have been inviting a stampede on the part of the men to find new employment, but they did not do so.

They knew the course that had been followed in closing the Deering Twine Mill and the Auburn Twine Mill. In these places the Works Council had cooperated with management in explaining the economic reasons for the closing, and in organizing to give the men in the shop advance notice which, in the case of Auburn, was of four weeks' extent. Practically all of the employes of the Deering Mill were taken care of, either in the adjacent Deering Works or in the McCormick Twine Mill, located not many miles away from the plant. At Auburn, the company's manufacturing enterprises were not large enough nor complex enough to absorb all the specialty-twine mill operatives and, therefore, assistance had to be organized from other factories in the same city. In each case the job was done successfully; so the Weber men could feel that they had reason to believe that the company would play fair with them, that they had nothing to fear by remaining in their positions until the last day.



"Placing this wagon in your keeping, we men of Weber Works hope it may ever be to you and to the company, as it is to us, a symbol of good work, good faith and loyalty—"

Continuing the discussion, the works manager gave a brief survey of the changing conditions that had forced our decision, and he made a telling appeal to the men's pride: "Our hope is that the last wagon made here will be equally as good as the thousands of wagons previously built, if not better. Therefore, we ask you councilmen to pass along to your fellow employes the hope and wish that they all adopt as a slogan, 'Our last wagon will be our best wagon.'"

The men were told that at the Auburn Twine Mill the Works Council, to emphasize its effort on behalf of quality, and resolving to make the last ball spun the best of all, had presented this last ball as a symbol to me. It stands on my desk today, an example of quality and a testimonial to faithful service. The Weber Works Council, similarly, asked my father, the chairman of the Harvester Board of Directors, to accept their last wagon for his farm.

At the March meeting of the Weber Works Council, the representatives reported that, just as we expected, all employes had expressed their willingness to stay until the wagon schedule was completed; their hearts were set on making the last wagon the best.

The mechanism employed in transferring employes when the proper time came for them to leave was simple. The name, age, service record and home address of every man in the plant were listed. This was done in order that the long-service men might be transferred to the Harvester plants nearest their homes. This record was maintained until every single employe at Weber Works, workman or foreman, had been provided with an opportunity to work in some other Harvester operation. Some of the men even were transferred into plants outside of Chicago. Most were taken care of in the company's factories on Chicago's South Side, namely, Tractor Works, McCormick Works and West Pullman Works. The move of these men from Weber Works to some other plant was made an important function of the regular manufacturing executive organization, and was closely followed by the Industrial Relations Department.

THE last wagon was completed on the third of April. My father and I were both present for the occasion, and with us were a number of Harvester officials. Once again it was 4:30—quitting time. Surrounded by its makers—the employes of Weber Works, men well along in years for the most part—the last Weber wagon stood flooded with light in one section of the Paint Department, glistening and complete except for one unvarnished panel. Plainly the employes were proud of their handiwork. They had put the best they had into that wagon. Now they had gathered to watch the oldest among them in service as well as years, an employe representative with forty-one years of service, finish the unvarnished panel; to see the chairman of the employe representatives present the finished wagon to the chairman of the board.

The Weber Works superintendent was master of ceremonies. He spoke with tear-dimmed eyes and husky throat: "Here stands the last and perhaps the best Weber wagon ever built; and here are the men who made it! They are

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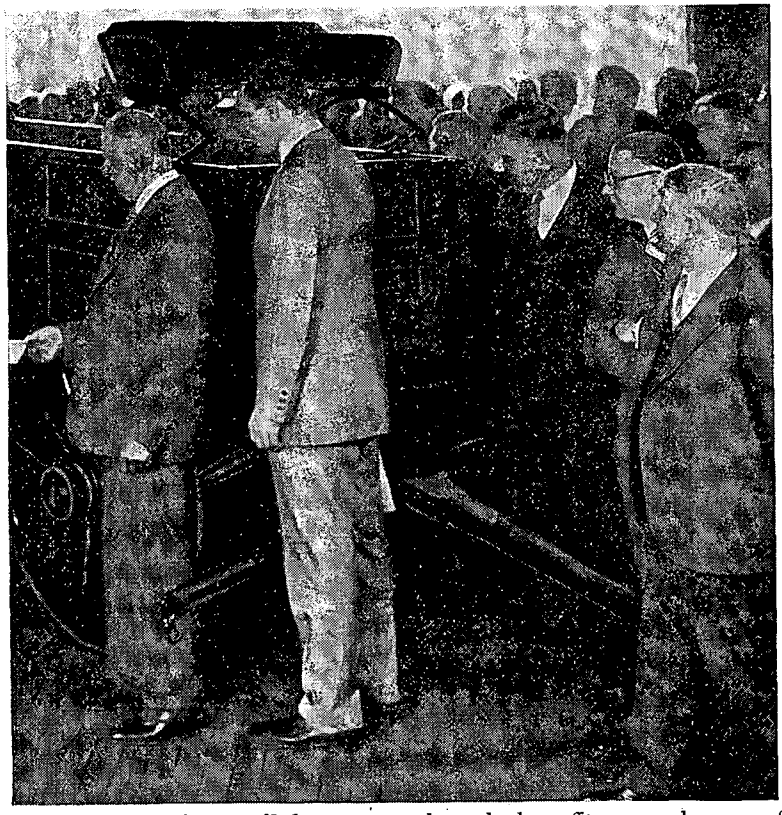

"—as a symbol it will be treasured, and the officers and men of the company will know that it is a bond linking our destinies"

proud of their work; and I am proud of them, knowing as I do the handicaps under which they operated and the cheerful, wholehearted, patient way in which they performed their duties."

I told those employes what I thought of our method of closing the plant, and congratulated them on the record they had made. Then I read to them a message from Alex Lagge, president of the company, who wrote:

I regret extremely that circumstances compel me to be absent today when the management and the workmen of the International Harvester Company are making a gesture which indicates a new and better way of accomplishing an old result.

Many manufacturing establishments have been closed in the history of the country simply by means of posting on the bulletin boards a notice to the effect that on such and such a day operations would cease. In this case the company was able, through the Works Council, to take the men into confidence weeks ahead of time, and to make with them plans for their continued employment. Today in this celebration you are symbolizing a method of stopping operations in a plant whereby the interests of the management and men are considered mutually, instead of separately.

I have given Weber Works such benediction as I can and step back out of the circle of light around the last wagon. The oldest employe finishes the unvarnished panel; applause rings out and dies away; there is silence again. The last Weber wagon has been built. . . . The chairman of the employe representatives, back now at Weber from his new employment for this day, steps forward to present the finished product to my father. The deep feeling of the Weber men is evident in his words:

The men who fashioned this wagon have worked happily and contentedly here for years within these dear old walls. Most of them have their homes in this neighborhood. Now that the last wagon is completed, this plant, their common workaday home, sacred as it is to the memory of many friendships and experiences, will soon be empty and silent. It will no longer resound to the tramp of their feet, or with the hum and bustle of their toil.

Naturally, then, these men are wondering what the future holds in store for them. Although the company has assured them that they will be taken care of, and although they rest upon this assurance with full confidence in the company, they are, nevertheless, passing through a period of suspense regarding where they will work, what they will do, and whether they will be capable of performing the duties assigned to them. It is comforting for them to know that the company manufactures other and more modern farm machines on which their skill can be used.

Taking into consideration all of these things, I sincerely believe, Mr. McCormick, that this last and best Weber wagon has a peculiar value. I do not doubt that some of the parts in it carry tear stains under the paint; at least every part of it carries some sort of sentiment from the souls of the men who made it.

And so, placing this wagon in your keeping, we men of Weber Works hope and pray that it may ever be to you and to the company, as it is to us, a symbol and memento of the good work, the good faith, and the loyalty of the Weber Works organization.

My father, moved as I have seldom seen him, by the words of this tinsmith, now stands by the red and green sincerity of this symbolic wagon.

I accept this last and best Weber wagon as the trustee of our company and of the McCormick family. I accept it as you have given it—as a symbol and memento of the fine work, the fine faith and the fine loyalty of the Weber Works organization. As a symbol it will be treasured, and the officers and men of the company will know that it is a bond linking together our destinies. . . .

We draw the curtain down on this particular stage. We call this act done. But we will raise another curtain at another time in another place; and wherever we raise it we will have the satisfaction of knowing that we do it together—officers, superintendents, foremen and workmen. We stand like brothers, saying, 'We will go on to do our best as we have done before.'

The passing of Weber Works signalizes the birth of the new day. With works councils to explain to workmen the economic backgrounds of business, it is simple to get them to understand the position in which the employer finds himself. It is not a happy matter to force men out of jobs in which they have been efficient, out of a service in which they have grown gray. But the working of economic law is impersonal and it is necessary to obey it if one is to remain in business.

On the other hand, we now know that it is possible to follow its dictates without causing immeasurable personal hardship to the men who constitute the mainspring of our manufacturing power. I doubt very much if any one of these Weber men feels anything but the kindest attitude toward the company. I would not trade a large sum of money for the good-will created in our other factories when this news became known. It is said that security in his job is the main desire of the wage-earner. In the International Harvester Company, men are now freed from the burden of the fear of changes wrought by permanent economic conditions.

What the new era in mechanized farming holds in store for Weber Works is yet to be determined. This much we do know: we have kept faith with the Weber Works employes. So far as we can determine—we have made it a point to follow the transfers pretty carefully—they are happy in their new locations. For them and for us, the day of the wagon in these United States has passed. But they have not, with cold "efficiency," lost their jobs.

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Forecasting and Planning

By DONALDSON BROWN

Drawings by Vernon Howe Bailey for General Motors Corporation

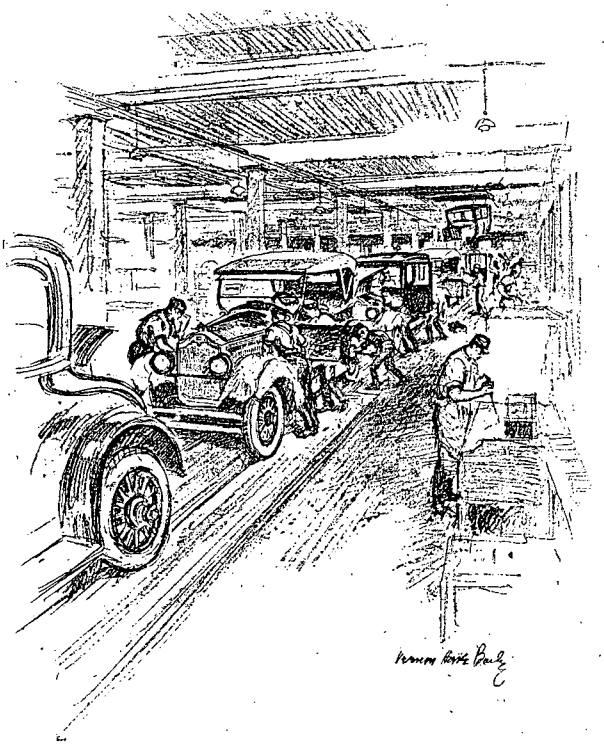
FORECASTING and planning are the essence of modern-day business management. It is not the function of an individual or a department—it is the conscious, cooperative work of an organization. It is nothing more or less than a system of control whereby production, purchase of materials, and the use of capital are coordinated with sales requirements. Flexibility is a prime requisite so that there may be a quick response, and thus the possibility of adjustment throughout the system, to the requirements of changes of situation that are inevitable. The focal point of the system is the sales outlet. The flow at this point must be gauged and every other activity must be coordinated with it.

It is axiomatic that, other things being equal, the nearer the producer is to the ultimate consumer of his product, the better is he able to regulate his production in accordance with consumer demands, and thus to minimize the fluctuations of his production volume. The manufacturer of automobiles has nothing between him and the ultimate consumer except a dealer organization. Until the depression of 1924, however, the automobile manufacturers had not come to a full appreciation of the advantages they naturally possessed, in the means of analyzing consumer demand. General Motors had been studying those advantages and measuring the opportunities, but it took the 1923 period of overproduction, from which we suffered as much as other manufacturers, to force a recognition of those opportunities upon us all. In our case, production of cars in 1924 was 26 per cent below 1923; whereas retail sales in 1924 were only 10 per cent below 1923.

Prior to 1924, however, we were carrying on what is still in effect as a part of our statistical activities—a practice of making monthly forecasts of sales, production, capital requirements and net earnings from operation. These forecasts are submitted on the twenty-fifth of each month, by each of our operating divisions, and are consolidated into a composite forecast for the corporation as a whole. They cover a period of four months, including the current month each time and three months ahead.

The weakness of our forecasting scheme in the earlier days lay in the fact that we did not predicate the sales forecasts upon an analysis of consumer demand. We did not have a clear conception of the ordinary seasonal characteristics, and were liable to a sharp reduction in sales to dealers resulting from an unrecognized accumulation of stock in their hands. Our production schedules and employment of labor suffered fluctuations not justified by existing fundamental circumstances. We did not know the rate at which our product was actually passing into the hands of the ultimate consumers, nor did we know what the stocks were in the hands of our dealers, nor the extent to which these stocks could suitably be allowed to expand or contract in order to secure the important over-all advantage of a more consistent rate of production at the factories.

I have said that our analysis of consumer demand was not put to effective use until the spring of 1924. It is fair to say that our operations since then—showing, as they do, a substantial betterment in rate of inventory turnover, a steadier rate of factory operation and employment, and other economic betterments—have proved the constructive benefits of our practice. At the beginning of a sales year, we attempt to arrive at an estimate of the probable retail sales for each car division for the ensuing twelve months. These divisions manufacture the Chevrolet, Pontiac, Oldsmobile, Buick, LaSalle, and Cadillac cars, covering practically the entire price range of the automobile field. As a result of the best judgment that we can bring to bear on the case, we arrive at what we call a Divisional Index. This Divisional Index means our best guess of what the retail sales, for a particular line of cars, will be during the ensuing sales year. This does not mean that we set up an arbitrary quantity in accordance with which the production is determined, regardless of what may afterwards happen. This Divisional Index is under continual scrutiny, and is adjusted immediately when the trend of events demonstrates the desirability of revising our expectations.



The final assembly line in a General Motors plant

SUBJECT to these adjustments, the Divisional Index at any given time is accepted as dictating the basis upon which production should be scheduled. In other words, our production is always scheduled with regard to the expected requirements for the complete sales year. This does not mean, however, that production in any given month should be exactly one-twelfth

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of the year's production, for in our business there is a seasonal variation of consumer demand which must be taken into account.

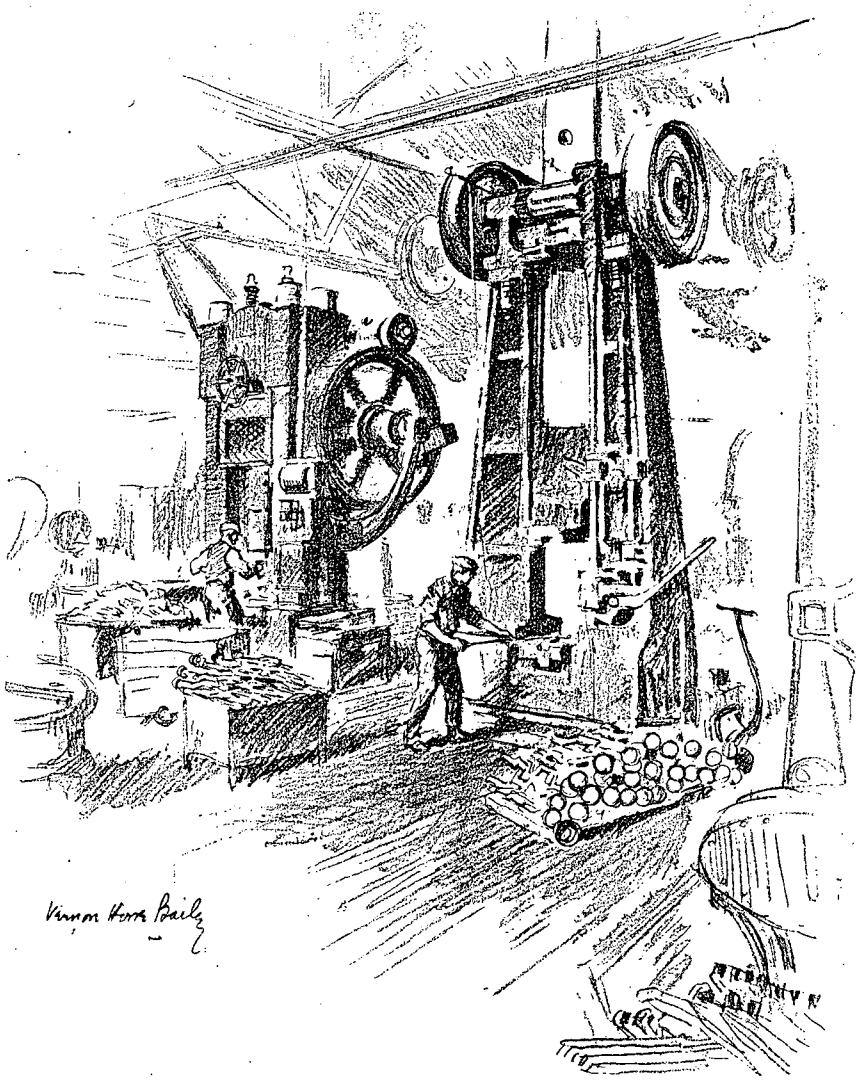
We recognize that workmen are entitled to as nearly steady employment as can be provided; that it is a fundamental principle that for the purpose of offering the greatest value to the public, factories should operate on as level a line of production as can reasonably be attained; and that the seasonal fluctuations of consumer demand should be met in some other way than by wide fluctuations in the monthly rate of production.

THE necessity is therefore clearly recognized of a seasonal accumulation of stock on the part of dealers, distributors, and factories during the months of low retail demand. On the other hand, however, there are physical limitations on the storage of cars, and the necessity of avoiding an unreasonable stocking of dealers and distributors. Considering the interests of all parties concerned, a compromise is perhaps best, between the desirability, on the one hand, of a level rate of production and, on the other hand, of a production which would result in minimum average stocks in the hands of dealers. It is usually desirable, therefore, to shade production somewhat during the dull season so as to modify to some degree the seasonal accumulation of stock.

I have referred to the fact that on the twenty-fifth of each month a complete forecast is submitted by each of our divisions for the current month and three succeeding months. This includes a forecast of retail deliveries by dealers. We also have very complete information as to actual retail deliveries by months in the past. Thus at all times we have available the actual records of the past as well as a forecast of retail deliveries for three or four months ahead. The accumulation of these records of retail deliveries by our dealers, covering a number of years, and the analysis of state registration data, have given us a very good means of appraising the ordinary characteristics of our business. We have found from experience that as we proceed with the continual analysis of deliveries and forecasts, and measure our performance and prospects in the light of seasonal expectancy, we can detect changes in trends and recognize disappointments or improvements well in advance of what could be possible through any other means.

Thus month after month we analyze past performance and forecasts of retail deliveries, and during each month compare ten-day delivery figures reported by our dealers with the latest forecast for the month. Ordinarily we do not actually modify the Divisional Index because of a statistical indication covering a brief period of time. We take it as a caution signal, and watch the situation as it develops to see whether there seems to be a sustained change of trend.

An estimate of sales a year ahead is always a guess. That is why we distinguish these twelve months' estimates from forecasts by calling them Divisional Indexes. As the year progresses, there is a progressive diminution of the uncertainty, and our Divisional Index becomes an increasingly sound foundation on which to base our production program.



Huge hammers force the metal for crankshafts into the required shapes

I do not wish to convey the idea that forecasting and planning is of value only insofar as it may be tied up to the yardstick of ultimate consumption. It may not be possible in some industries to arrange such a tie-up as yet, especially in those stages that are remote from the final sales outlet. Forecasting and planning may be even more indispensable in such cases. The ideal condition, however, is that which permits consumer demand to be measured, so that the planning may be actually based upon the trends thus indicated. In our own industry, distribution is through dealers who devote substantially all of their activities to the sale of a given line. They recognize the importance, in their own interests, of having the fullest use made of the yardstick of retail sales. Thus we are able to coordinate our forecasting and planning with the important factor of ultimate consumption.

I pointed out earlier that production of cars by General Motors in 1924 was 24 per cent below 1923, whereas retail sales were only 10 per cent below. The difference represented liquidation of excess stocks accumulated through overproduction in 1923. We are now protected from such overproduction as we experienced in 1923, with the attendant curtailment of manufacturing operations and hence of employment. Thus our forecasting and planning system constitutes a constructive force of considerable magnitude in the direction of the regularization of employment.

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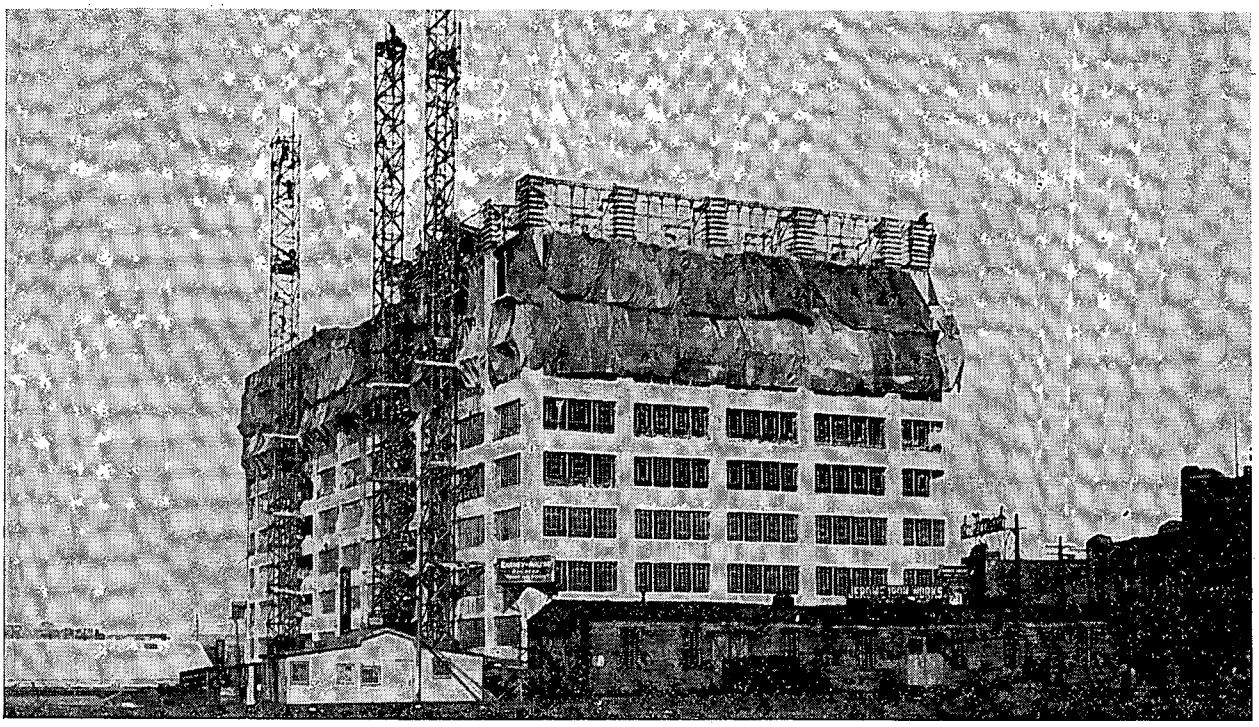

Only ten above zero, with biting winds, but the building goes up steadily under modern methods which make winter construction efficient, comfortable and rapid

Winter Building

By WILLIAM JOSHUA BARNEY

IN 1924 Mr. Hoover, as secretary of commerce, gave his prestige to an exhaustive study of employment conditions in the building industry. This report clearly confirmed existing impressions that each year full employment in the building industry is crowded into six or seven months, entailing three or four months of comparative idleness. Broadly speaking, this slack period covers the winter months.

More winter construction has become the acknowledged remedy for seasonal unemployment in the building industry. Please note "seasonal unemployment in the building industry" instead of "seasonal unemployment in the building trades." As a matter of human interest, emphasis has naturally been laid upon the social and economic evils of unemployment for the carpenter, the bricklayer and the other mechanics; and to many this problem of seasonal employment seems to be solely a picture of hardships to the mechanics and workers in the various trades. This is but the sharp foreground of the picture. Its larger middle ground shows that where the mechanic is unemployed, the contractor, the material manufacturer, the architect, and all others involved in the great building industry, suffer from this curse of seasonal variation in the volume of business. Finally in the background you see the public, during the period of intense activity, paying higher wages, higher prices and larger fees to compensate for the periods of enforced idleness during which the mechanic must live on his savings, the contractor carry his overhead, the architect maintain his staff, and the material manufacturer lose on his plant investment and factory overhead.

Therefore, this is a problem in which every business man, in fact every citizen, has a vital interest. For today perhaps no one factor, except possibly agriculture, has a more important bearing on the general prosperity of the country, its business activity and sales turnover, than the prosperity and activities of construction. New homes mean new rugs, new furniture, a complete renovation of old possessions; new offices mean new sales of chairs, desks and partitions; new factories stimulate machinery and equipment production. As the desire of every business man is for an even, steady volume of production and sales, so he has a vital interest in a more even distribution of the tremendous purchasing power engendered by the construction activities of the country, approximately 10 per cent of the national income.

From the beginning of history, it has been traditional that when cold weather sets in with frost, snow, sleet and rain, construction should cease. Before steam heat, winter meant freezing, frost and damage, with low efficiency and suffering from cold. Until the coming of electricity, winter meant shorter working days. Until modern machinery was developed for wholesale and quantity production, big operations relied upon a multiplicity of human hands, always less efficient, less sure in biting winds and chill of winter.

IN short, we have all been taught that construction cannot be satisfactorily carried on in winter. So, even today, when modern science, through machinery, equipment and protection, has rendered winter-weather construction as efficient, comfortable and rapid as summer work, we still find construction policies determined by the age-long tradition

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that spring, summer and early fall are the times for active building.

Many, especially those who live in large cities, may be under the impression that partly as a result of Mr. Hoover's report, partly from the activities of building congresses, manufacturers' associations and other agencies, there is increasingly widespread appreciation and use of modern methods permitting construction to go forward regardless of weather conditions.

There is no question that many operations, especially large ones, are being carried on throughout the inclement months. Further, there has unquestionably been a widespread but intermittent endeavor to educate the public, the contractors, the engineers, architects and others concerned, to the practicability and even economy of winter construction. But too ready conclusions as to results may be misleading and harmful, may cause a lessening of effort to accomplish the purpose in hand.

It is, therefore, of interest and value to attempt an analysis as to how far, relatively speaking, winter construction has increased during the past ten years, or more especially, since the issuance of Mr. Hoover's report. No source of complete specific data seems to be available. It is only by taking a number of indicative facts that a picture of the *relative progress* in winter construction may even be outlined.

Naturally, one turns first to the builders themselves, to find out how far their records show a relative increase or decrease in the volume of their business during the fall and winter months. An inquiry was sent to a number of builders, several of them national in their scope. Each was asked to assume that the months of December, January, February, March (and possibly part of November) covered the period of least employment. They were then requested to express for each year from 1920 to 1928 what percentage of their business had been billed or performed in these months.

Each report naturally varied as to the average percentages, but each report was strikingly similar in the small variation from this average percentage throughout the ten-year period. In other words, these samples of builders' activities would seem to indicate that *relatively* no more winter construction is being done today than ten years ago.

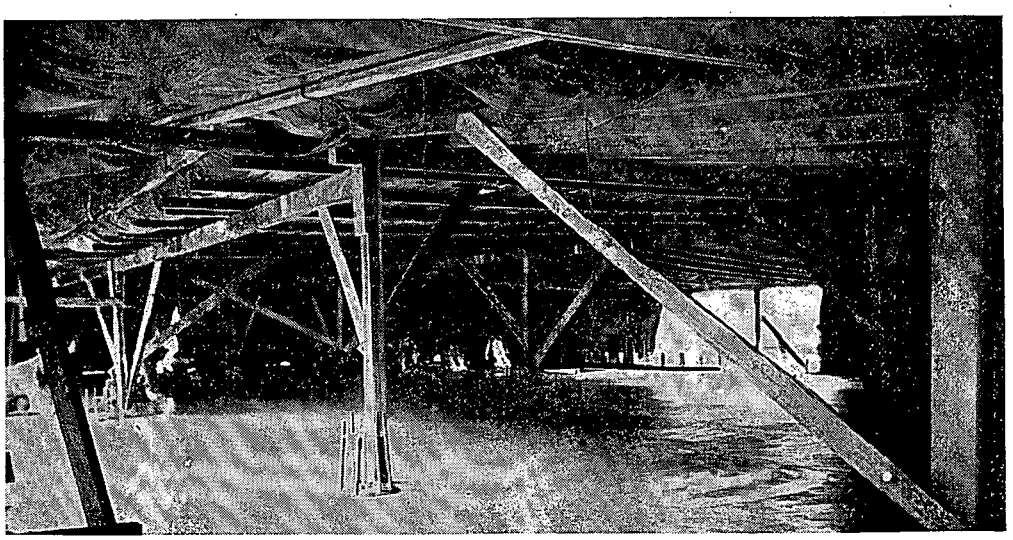
Next, the labor organizations were asked whether they had available any records that would indicate the employment of their members. For convenience, these inquiries were confined to the New York district. Without special and expensive research, such figures were not available. On the other hand, there was a very definite expression of opinion that the present actual employment was considerably larger during the winter months than in years gone by. Here apparently the picture when viewed from the different angles of employer and employe did not focus. Such a definite difference of opinion demanded explanation.

Obviously, metropolitan labor has a preferential position in respect to winter employment due to the fact that the large metropolitan operations warrant the larger expenditure for winter construction as contrasted with the smaller undertakings in towns and rural districts. On the other hand, a large part of the builders' statistics furnished cover activities in these same metropolitan areas.

ON consultation with the Dodge Corporation, the leading statistical organization in the country on construction contracts, it was decided that the contracts let during the months of September, October, November and December would be a fair indication of the winter work carried on throughout the country. Beginning in 1919 and running through the ten-year period to 1928, the total building contracts let throughout the country were tabulated for each year and also the contracts let during these last four months. This table gave an almost uniform percentage of "winter work" during this period, showing clearly that there had been no definite trend or increase in the *relative* amount of winter construction undertaken during this period.

As a further check, a similar table was prepared for the metropolitan district alone, since here might be found the explanation for labor's impression that there has been increasing employment during the normally slack period. But again this table showed a practically uniform percentage of winter work during the ten-year period, the percentage, as might be expected, however, being somewhat higher than for the country at large.

A further study of these two tables finally revealed what is probably the true explanation of the apparently general impression that winter work is on the increase, especially considered in relation to other data furnished by the American Federation of Labor. In 1928, for the country at large,



A snow and sleet storm rages outside, but under the canvas construction work goes rapidly forward in summer temperature—

—provided by salamanders or small stoves

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nearly as many building contracts were let for the winter months as the entire year in 1919. For the New York district, in fact, the building contracts let for the winter months of 1928 exceeded the contracts for the entire year of 1919. During this period, the purchasing value of the "building dollar" varied so little that the dollar volume could be taken as a true index for this comparison.

In other words, there is no question that today in *absolute volume* there has been a tremendous increase in the amount of building construction undertaken during the fall and winter months—this as distinguished from a *relative per cent increase*. The effect of this on the absolute employment of labor is obvious. Due to our national restrictions on immigration and to other causes, there has not been the same relative increase in the available labor as in the volume of construction itself. This is borne out by American Federation of Labor membership statistics for the building-trades department over the ten-year period under consideration. This ten-year table of memberships shows quite a fluctuation, a definite decrease during the years 1922 to 1926, with a large increase in the past two years. But, there is little difference between the membership of the building-trades department in 1920 and the membership in 1928.

More construction for the same labor, is therefore an obvious answer as to the betterment of winter employment conditions among the mechanics themselves. It might also be fairly assumed that the large increase in the actual volume of construction in this country from 1919 to 1928, over 100 per cent, has also bettered the employment conditions of the architect, the engineer, the builder and the material manufacturer. The soundness of this assumption, however, is open to question until statistics are available as to how far the number of architects, builders, and material manufacturers has increased under the stimulus of the growing volume of construction, these not being subjected to the artificial restrictions imposed on the increase of labor. One thing is certainly clear, even from this superficial survey, that construction is still largely "seasonal," that much remains to be done to place this great industry on the sound basis of steady and even employment throughout the year.

How is this to be accomplished?

There are many agencies through which may be spread the knowledge of modern methods for winter construction and of the need for equalizing employment throughout the year.

IN a country noted for its efficiency, an outstanding exception lies in the ceaseless, widespread, uncorrelated committee activities which go on year after year throughout the country. Professional societies, Chambers of Commerce, Rotary, Kiwanis and innumerable other clubs and associations, are all working doubtless to good purposes but with no pattern or scheme to avoid duplications or to accomplish nation-wide, definite, well-rounded results.

Unquestionably, for a number of years, various bodies directly interested have contributed much to a wider understanding on the part of the public as to the possibilities and need of winter construction. Building congresses, employers' associations, labor unions, have all from time to time preached and intermittently spread the gospel, but there has been lacking a sustained, continued campaign, unless possibly is excepted the excellent work done by the Portland Cement Association in reinforced concrete through its advertisements and bulletins.

Perhaps the first move toward definite improvement would be for some strong central body to set up a committee to make a survey of the country's activities of committees and organizations to determine the various active agencies available for a sustained drive to increase winter construction—a survey similar to that now being made by the American Society of Civil Engineers as to the committee activities of the various technical bodies and societies throughout the country.

In view of the splendid report of the Department of Commerce and the natural tendency in large movements to turn to governmental supervision, possibly such an investigation might best be done by this department; or, if appropriations and departmental routine make this too slow a procedure, possibly the Associated General Contractors in conjunction with the American Federation of Labor might cooperate to set up this frame-work. Such an investigation *would not be a fact-finding inquiry,* as the facts of winter construction, its methods and possibilities, have already been set forth in Mr. Hoover's report. What such a survey would accomplish is a listing of the various committees and organizations available for a winter construction campaign. It would then be possible definitely to correlate these many agencies and by supervision and encouragement see that their efforts and resources were steadily and effectively applied without needless duplication.

ALSO, there is little doubt that once the building industry itself and all its branches were convinced that such a movement was under way along broad and constructive lines, funds would be readily contributed for advertising, pamphlets and bulletins. These messages should set forth to the public (1) the modern means available for safe and rapid winter construction, and (2) the sound economic and financial advantages therein.

The average layman little appreciates the appliances and methods available in all branches of construction to carry work forward safely and rapidly during the inclement months.

Today frozen ground is readily thawed by the use of modern torches; in large excavation and foundation work, giant steam shovels and powerful drills find little difficulty in handling material even if frozen as hard as rock.

Except in days of extremely high wind and biting temperature, no delay occurs in the erection of a steel structure. The brick walls are put up in the lowest temperature by means of enclosing canvasses under which the bricklayers work on the scaffolds in the mild atmosphere supplied by salamanders or small stoves. Once a building is enclosed, modern heating systems provide an even summer temperature for the drying out of walls, the placing of plaster, painting and other finishing work.

Perhaps even more marvelous are the provisions for the protection and carrying on of reinforced-concrete work even in temperatures below zero. Reinforced concrete is an artificial stone held together by the chemical reaction between cement and water, which action, if exposed to frost or low temperatures, is so seriously affected as to render the concrete unsafe. Hence, for many years, practically all concrete work had to stop with the coming of frost, but today the tallest concrete buildings go up steadily and rapidly during the coldest weather.

As the forms or molds for each successive floor are erected for the placing of the concrete, they are enclosed completely in canvas and a warm, (*Continued on page* 79)

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Unemployment Within Employment

By MORRIS LLEWELLYN COOKE

LET us be reminded that even in periods of the most intense business and industrial depression, when large numbers—say three to five million—of our people are without employment, a preponderant percentage of those normally productively engaged still remain at their posts. In good times the percentage of those wholly without employment is probably so low as to be economically unimportant, even if not negligible. And even in hard times, as a percentage of the whole number gainfully employed it hardly rises to a point where in its effect on the standard of living, for instance, it has anything like the influence which in good times and bad, scientific, or even thoughtful, management may have in keeping those who have jobs effectively and continuously at work through predetermined hours. For there are many, many causes for interruptions in the steady, considered flow of work, whether it be out of industry as a whole, or from individual workers. In terms of wasted human effort, the losses resulting from the desultory employment of the employed—from "unemployment within employment"—probably far out-weigh in economic importance the unemployment of the wholly jobless.

"Unemployment within employment" may be defined as that portion of our total unemployment which is due to the failure to keep actually occupied those who consider themselves employed. Its statistics lie entirely outside the ordinary unemployment figures. It has to do with the intermittent character of the work of those who consider that they have jobs whether they are "working at" them or not, rather than with the detached and jobless idle. The phenomena of "unemployment within employment" are distinct and apart from those which we normally associate with the so-called "army of the unemployed."

"THERE are many, many causes for interruptions in the steady, considered flow of work, whether it be out of industry as a whole, or from individual workers. In terms of wasted human effort, the losses resulting from the desultory employment of the employed—'from unemployment within employment'—probably far outweigh in economic importance the unemployment of the wholly jobless."

Assuming a 48-hour week, one hundred employes working fifty weeks in the year, allowing two weeks for vacation, should be good for 240,000 productive hours of work, man-hours as they are sometimes called. Of course we have in mind man-hours of work performed. This may be, and quite frequently is, a very different quantity from the man-hours shown on the payroll. The industrial controls in even the best-managed shops are too crude to enable us even to approximate the percentage by which the actual accomplishment misses that theoretically possible. But we do know that, in bituminous coal mining, for instance, even in the years when the demand was considered normal, the effective hours actually worked were on the average—and over considerable periods—not 25 per cent of those theoretically possible.

Intermittency, it must be remembered, may be a matter of seconds, minutes, hours, days, weeks—or even of months. For instance, on a number of occasions during the last twenty years a large locomotive-building concern in Philadelphia has laid off great numbers of employes and this within a period of a few weeks. It has been my observation that it did not occur to a large percentage of these people to seek employment elsewhere. They considered that they were still employes of the idle concern and would be given employment if, and when, the concern found it possible. In other words, they looked upon the situation of the employer, for whom in many instances they had worked many years, as typical of the times and that their being out of employment was part and parcel of a long-term engagement.

BUT of course the great majority of the causes of "unemployment within employment" are much more obviously remediable. Perhaps it may clarify the discussion to mention a few of the large number of causes which, within the plant itself, prevent worker and employer alike from accomplishing the record for constancy which an industrial people must consider desirable.

At machine and workplace one encounters a variety of causes of intermittency—such as poor lighting affecting output, especially during the winter months, or an unnecessarily large variety in the work requiring too frequent changes in the setting of the machine.

The machine itself becoming out of order is an all too frequent cause for lost time. Anticipatory repairs is the answer. In the shops where I served my apprenticeship, no belt was fixed until it broke. Under a more modern idea, the belt that breaks is only an indication of bad management. Again, the introduction of new machines requiring fewer people to operate, of course, throws people out. The answer here is to look ahead and find places for employes to be dislodged by the march of invention before the new machines are installed.

There are causes of intermittency which operate more broadly, as through a room or a department of an industrial establishment. For instance, in the pressing department of a men's clothing factory, in the absence of planning, overcoats may be allowed to become too large a percentage of the volume of work going through. This causes the spaces reserved for storage to become choked and intermittency ensues. The cutting operation in garment factories has had a wholly disproportionate influence on the regularity of the work in such establishments. Goods not cut cannot be put in process. Formerly strikes and "stoppages" among the cutters were the direct cause of inter-

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mittency among other classes of operatives. Since the strengthening of the unions of the garment and clothing workers, this source of "unemployment within employment" is under better control.

Sometimes causes of remediable unemployment or intermittency are chargeable to the policies of the central management. For instance, a faulty planning department will inevitably cause unnecessary fluctuations in the demand for labor. In one plant making calenders, usually for delivery during December, a large number of extra employes were formerly taken on during the latter part of the summer. So many were employed during the last weeks of what was known as the "rush season" as obviously to interfere with one another. Through the systematic planning of the work, and having supplies on hand when wanted, the work was done under an even load through six months rather than under peak conditions during two or three months. A smaller number of extra people were employed and these were kept more continuously occupied.

The wage system has a distinct bearing on the regularization of employment. Such devices as piece-rates, bonuses, standards and premiums, are usually discussed as if they differed in some very fundamental way. The differences are almost entirely the way the plans are operated.

For instance, I believe the piece-rate system is quite generally condemned by the labor unions not so much because when properly operated it is an unfair wage system as that it is usually a lazy employer's method of trying to make sure he does not pay for something he does not receive. A piece-rate worker, employed a half day, each of six succeeding days will not receive wages for the idle half days as possible under the "day's wage" or "week's wage" system, but any satisfaction the employer derives from this fact should be largely offset by the thought that his overhead on these wages is twice what it would be if the worker had been continuously employed. And this is not the full penalty the employer pays for the discontinuous employment which usually accompanies piece work. There is, broadly speaking, nothing more demoralizing to shop efficiency than irregularity in employment. Workers simply will not put forth their best effort if there is any doubt about their being kept occupied. Most piece-work systems are also inequitable because they provide both "fat" and "lean" jobs—jobs on which the worker earns too much or too little as judged by his wage rating. I have known a firstrate worker to be laid off at the close of work on Thursday because she had already earned in the four days while working on "fat" jobs what the forewoman considered should be a full week's pay. Other wage systems open the way to similar abuses. On the other hand, almost any wage system can be operated fairly and in a way to stabilize employment.

AGAIN, the personnel policy of a given concern affects in myriad ways the ability to keep people steadily at work. The statement, "man not in," posted over a given machine on the planning-department bulletin board may mean a serious upset of the schedule of work. The more such signs, the more disorganization. The worker's absence may be due to the failure of the shop nurse to check an incipient cold; or to the failure of the social-service department to provide care for a sick wife at home, possibly forcing a key man in the factory to stay out; or to some alleged abuse which under inept discussion has been allowed to reach the point where all hands decide to go fishing.

If in a given plant the determination has been reached to make employment as continuous as is humanly possible, there are many classes of workers who will have to be taught to do more than one thing. In making books, the amount of gold-leaf laying varies largely as between given groups of orders and at different seasons of the year. In one plant, fifteen gold-leaf layers were normally required, but at times forty-eight could be profitably employed. In order to avoid taking on outside help, young women who were ordinarily engaged in "folding" or "pasting" or "gathering," were taught to lay gold leaf. In some instances it has been found expedient to teach employes two or three operations other than those at which they are the most expert and on which they are normally engaged. Often, and especially in union shops, this practice creates wage complications, but none which cannot be equitably adjusted under a "rule of reason."

A PUZZLED manufacturer of paper goods once asked the late Frederick W. Taylor what he would do if he were engaged in a business where the atmosphere affected the product so that it lengthened or shortened by a sizable fraction of an inch over night. Taylor snapped back at him, "I would control the atmosphere." This of course is now done in many industries. In the same general way the employer who is ambitious to provide steady employment must in a measure "control" his customers. In my college days, an architect planning an office building designed his own structural-steel shapes. This made the steel industry very largely a jobbing business. Now every one building an office building buys the standard shapes which the steel companies provide. In jobbing work, steady employment is usually more difficult to achieve than in continuous processing.

One printing concern making school books formerly had a serious rush in July, August and early September in anticipation of the opening of the schools. It was discovered that one of the principal causes for the lateness in manufacturing these books was the reluctance of the publishers to advance the money for buying paper until it was actually necessary to do so. To even his manufacturing load, Mr. Printer arranged with his own bank to advance money so that the paper could be purchased and the printing started three months ahead of the usual time. The rush season in the hot months of the year, with its overtime, night work and extra workers, was done away with.

Taking a long look ahead—and the failure to do so—both have a bearing on a manufacturer's ability to provide steady work. One concern makes no effort to see what is going to happen in the general business world and simply accepts its share of the business pretty largely as it comes. Another concern which has set up a business-forecasting section, feels fairly sure that it knows the general trend of conditions at least one year ahead and feels disappointed if it has not had eighteen months' notice of any marked movement. One large concern in Philadelphia forecast the recent slump in textiles. Manufacturing a line of goods used in women's wear, they figured that, as the buying power applicable to their line of goods would be reduced, there should be a market for an entirely new line of attractive design which could be sold at a low price. All preparations were made, but the public notice (*Continued on page* 86)

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Where the working force used to be expanded 600 per cent in the annual rush to handle the date crop from Mesopotamia, production and employment have been stabilized with the help of chemists, refrigerators, and a personnel department

Dates: By Ernest G. Draper

WE are packers of food products, principally Dromedary Dates. We have a packing station in Basrah, Mesopotamia, at the head of the Persian Gulf. The crop of dates that matures in September is packed in seventy-pound boxes and then transported by steamer to a factory in Brooklyn, New York. There the dates are unpacked, cleaned and sterilized, and repacked in small cartons in which form they are sold to the trade. Because of the nature of the crop, it is inevitable that the raw material for a whole year's production must arrive at the Brooklyn factory, from Mesopotamia, between the months of October and January of each year.

As the greatest demand for dates is from September to January, it was customary in the old days to pack in a small way during the first part of the year and then to concentrate upon high-speed production during the last four months. This meant that the average working force during the first eight months of the year had to be expanded by about 600 per cent during the last four months. The wrench involved in expanding this force over night, so to speak, is apparent. For years the company struggled to keep up with the insistent demand for its product in the fall. In trying to meet this demand there was the temptation to lower the quality of packing and in other ways to encourage wasteful methods which are bound to creep in under forced-draft production.

Finally, conditions became so critical that the executives determined upon a drastic change in policy. Their chemists told them that if, upon arrival, raw material was placed in cold storage until taken out to be packed, was packed in cartons and then replaced in cold storage, it would keep indefinitely, providing the proper temperatures to be maintained were determined beforehand. Accordingly, the company erected a cold-storage warehouse adjoining its packing plant. It purchased raw material which would supply not only the fall demand but the following year's demand as well. The experiment proved successful. Dates packed in January were taken out of cold storage in September and found to be in perfect condition.

In the following year (1922) a much larger quantity was packed during the off season and for the first time in six years the supply of Dromedary Dates during the fall rush was equal to the demand. After this successful experience, the company awoke to the great savings which could be effected by attacking the problem from a production standpoint. In the past, practically no attention had been paid to the kind of labor employed or its effectiveness during employment. The best way to meet such a situation was to establish a personnel department. This the company did. One of the first needs which became apparent was that of additional lines during the off season for dates. While our success in this direction has not been spectacular, a glance at the records indicates that it has been considerable.

The facts will show that more-stabilized production has brought about a higher quality of product, a more continuous working period for employes and a general increase in smoothness of operation. Our attitude to-

Steady Production and Steady Jobs

Dates, by Ernest G. Draper, treasurer, The Hills Brothers Company, New York
Shoes, by George F. Johnson, president, Endicott-Johnson Corporation, Endicott, New York
Canning, by W. P. Hapgood, president, Columbia Conserve Company, Indianapolis, Indiana
Paper, by Henry S. Dennison, president, Dennison Manufacturing Company, Framingham, Massachusetts
Soap, by William Cooper Procter, The Procter and Gamble Company, Cincinnati, Ohio
Floor Wax, by H. F. Johnson, Jr., president, S. C. Johnson and Son, Racine, Wisconsin
Hats, by Fletcher H. Montgomery, president, Knox Hat Company, Brooklyn, New York

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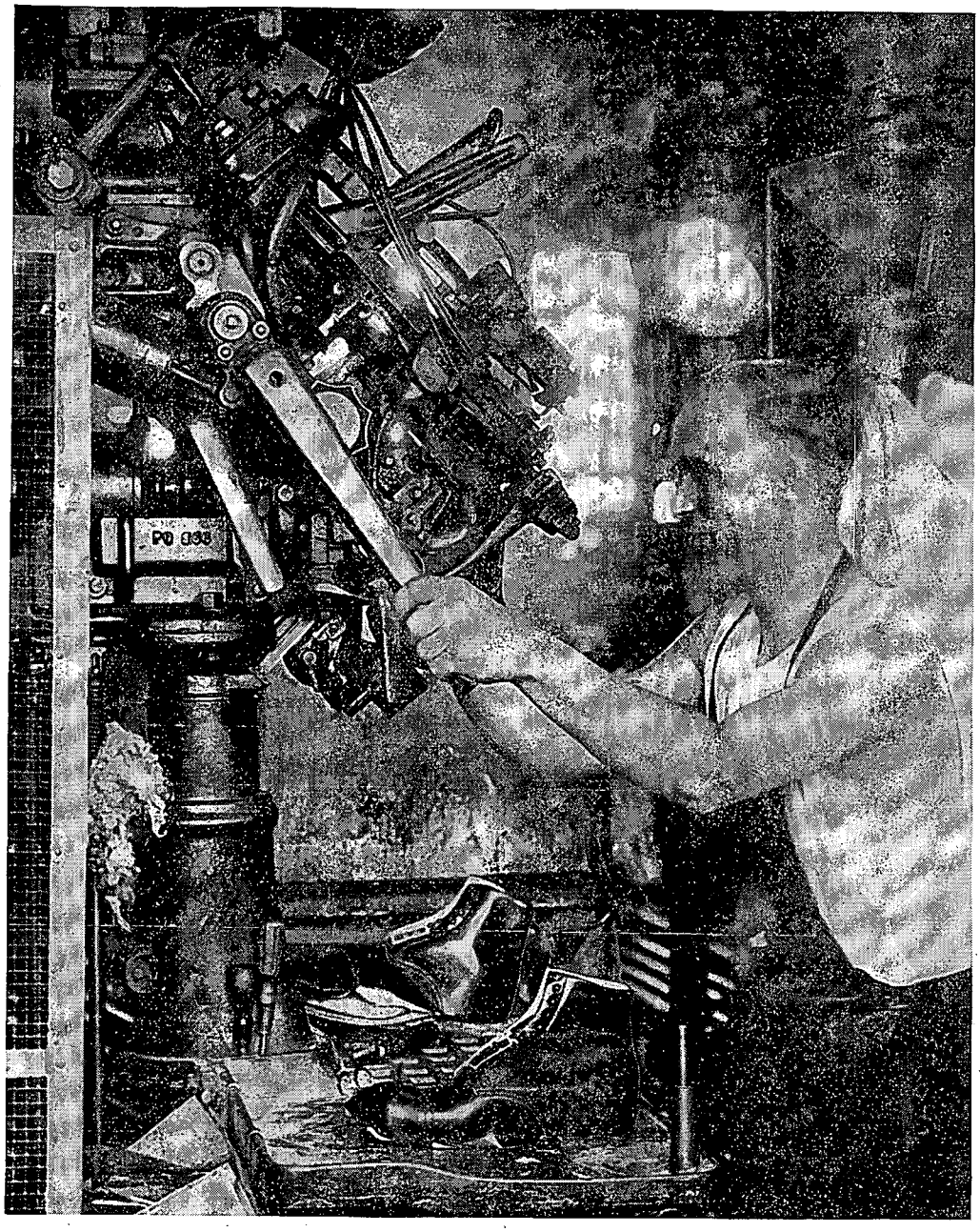

The man at the pull-over machine is one of 17,000 members of the Endicott-Johnson enterprise, an industrial democracy founded thirty-eight years ago

ward broken employment has changed. We never decide upon a major shift in production without considering what this change will mean to our employes. This bears fruit in better morale and more profitable operation. It may be called a selfish attitude, but at least it has regard for social welfare as well as for individual gain.

Our experience in making employment more regular in The Hills Brothers Company has not been an unqualified success. We do feel, however, that our present method of operation is far superior to the method—or lack of method—in force before we began our stabilizing program.

Shoes: By George F. Johnson

ENDICOTT-JOHNSON is an industrial democracy, the foundation for which was laid thirty-eight years ago.

It is an organization conceived on the idea that business is, first and last, a human equation; that in the end, capital is men; that whether one is an employer or an employe, he is human; that he cannot support himself except by relation with his fellowmen; and that the only relationship worth while is founded on principles of consideration and square dealing.

This brings us to the keyboard of our story—"We;" and to the keynote of our politics—"The Square Deal."

"We" are seventeen thousand humans merged together into an enterprise which the world knows as Endicott-Johnson, Makers of "Better Shoes for Everybody;" seventeen thousand trained workers who have pooled their earnestness, intelligence and labor, their hearts and hands in a common project; seventeen thousand "partners," each with a direct interest in the product of his work; each with the opportunity to share in the rewards of the business, each with a vision of self-betterment and the fruits of faithful service.

Would you like to see how this industrial democracy functions?

Come to the beautiful upper reaches of the Susquehanna River. Follow the main highway leading west from the city of Binghamton, New York. A great arch across your pathway will tell you of the arrival at the "Home of the Square Deal." Walk through and into "The Valley of Fair Play." Within the next ten miles you will see three cities—Johnson City, Endicott and West Endicott, N. Y.—founded, built and occupied by "We."

"We" includes every member of this organization from the head of the company to the least-skilled factory worker. Here employers, managers and workers live together, work together, play together and prosper together. Here is found a democratic spirit, an air of good fellowship and pride of mutual achievement. There is no class barrier; no pretentiousness; no high-and-mighty exclusiveness.

Our president is our neighbor. So are all of the other officials of the company. We swap yarns with them over back-yard hedges and rub elbows at the movies. We worship together. We mingle at dances, entertainments and other community gatherings. We read books together in libraries established and maintained by and for us and our

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families. Most of us own our own homes, built for us by our organization and sold to us at (or below) cost and on convenient terms. We buy foods in public markets sponsored by us for our benefit.

We have three hospitals and we and our families receive medical, surgical, dental and ocular attention without charge. We have old-age pensions, sick relief and death benefits—all of which are as unusual in their form and principle as is our plan of livelihood.

We have beautiful parks, fine baseball diamonds, tennis courts, athletic fields, skating rinks and swimming pools.

When at work, we tan an average of 20,500 sides of leather and make an average of 130,000 pairs of shoes a day.

We make good wages the year round. We have reasonable working hours. We share in the profits of our company. We fill all our good jobs from the inside by advancement. We have never had a strike. We master our jobs and, as we do, we become more proficient, more valuable to ourselves and more ready for promotion.

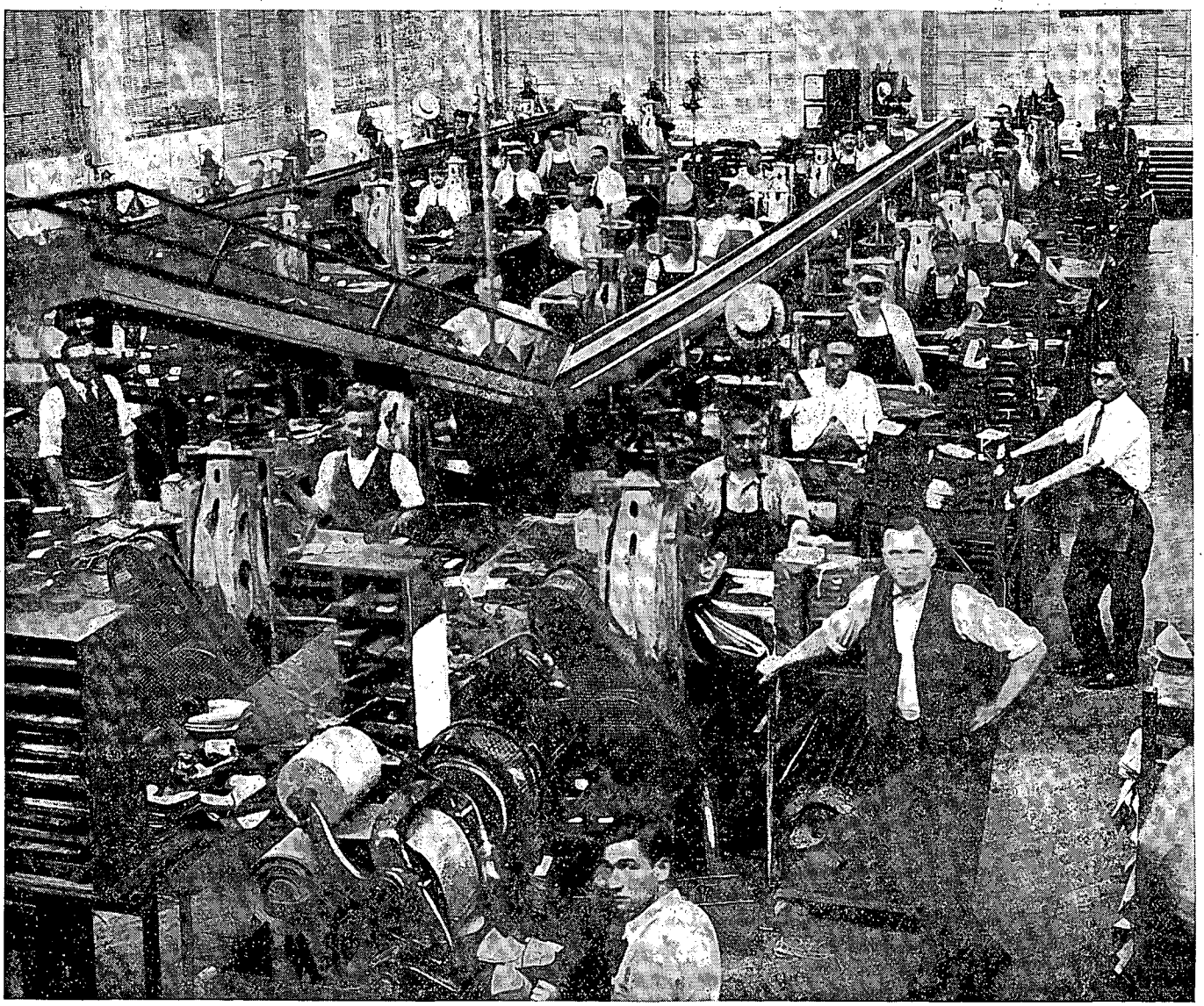
We have a very small labor turnover. We are an army of job holders, not job hunters. We feel that the reasons are plain to any one who has read our story.

Canning: By W. P. Hapgood

EARLY in 1917 the system of government of the Columbia Conserve Company was changed from an autocratic to a partially democratic one, and a considerable percentage of the workers were invited to participate in the management. At the same time a large number were changed from the wage basis—that is, payment by the hour and only for the actual hours worked—to salary, that is, payment of the same amount each week irrespective of the number of hours worked, and with the understanding that every effort would be made to retain them throughout the year.

In 1922 the business became completely democratized. Shortly afterward, Council—our governing body, in which every worker has the right to sit and to vote—passed a motion that henceforth no salaried worker could be discharged for any cause whatsoever except bad conduct, and that only by act of Council could any deduction be made from his salary.

We expressed it as our unanimous belief that industry has two major responsibilities: first, the right of the workers to



In this modern cobbler shop, "We make 130,000 pairs of shoes a day. . . . We have never had a strike. We have a small labor turnover. We are an army of job holders, not job hunters"

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In the Columbia Conserve factory, an industry that accepts two major responsibilities: "first, the right of the workers to make their own laws, and, second, full-time employment"

make their own laws, and, second, full-time employment. By full-time employment we mean there is to be no reduction from income because of business inactivity, sickness, or for any other cause.

This decision became applicable to all our salaried employes in 1922, and at the same time Council voted that no employe could remain on the wage basis—on which basis he is not guaranteed full-time employment and given other protections—longer than eight months.

A few of our workers begin on the salary basis. The reason we do not place all beginners on salary is because we need a trial period for those who are unknown to us, and also because we have not yet mastered the problem of the very high peak-load which we carry for about four weeks in the early fall.

For the first eight months of 1928, less than 5 per cent of our force were on the wage basis, but in September—our extreme peak—about 30 per cent were on the wage basis. This peak lasts from about September 10 to October 10, and is caused by the necessity of handling our entire tomato-products pack during that period—in other words, we must pack a twelve-months supply of tomato products in a period of a little over one month—probably as acute a seasonal problem as any business has to meet.

It is our hope and our belief that in time we can handle even this peak load with our salaried force, or at the worst with a very small percentage of temporary workers.

For some years most of these casual workers have been with us during each peak load, and many of them are older men and women who do not wish regular employment.

We have come to feel ashamed of our inability to give all our workers full-time employment, and have salved our consciences a little by giving each wage worker a guarantee of fifty hours a week, though no guarantee as to the number of weeks. This is, of course, only a very slight compensation for our inability properly to protect him, but it shows our attitude toward our social obligations.

How has the Columbia Conserve Company—a small company packing food products, some of them highly seasonal—been able to carry through a program which companies a thousand times as large and a thousand times as strong financially contend they cannot do?

The chief reason is our belief that full-time employment should be our most important objective, and the main justification for our existence. Man's economic and social accomplishments are as definitely within man's control as his scientific progress. When leaders of industry show the same daring and imagination with respect to their social obligations as they have shown toward their material output and profit, no one will be out of work who wants work, and no man, woman or child will lack food, clothing, shelter and recreation.

Readers of this Survey Graphic may be interested in learning some of the changes our rule of full-time employment for practically our entire working force has brought about in our business.

1. We vary the length of the working week with the demands made upon us by our customers. The average week has been reduced from six days—nine hours on five days and five hours on Saturdays—to five days of nine hours each. Our peak is still very high because of the necessity of taking care of our entire requirements during about thirty days. During that period we sometimes work seven days a week and as much as fourteen hours a day. By seeding the casual workers with salaried workers during the peak load, we do fairly well with respect to the quality of our output. Our hope is that we can largely remedy this situation by improvement in planning our work over a longer period, and by adding items which can be made any time during the year, thus increasing the number of workers needed outside the peak period, and reducing the height of the peak.

2. For the last three years we have been working more and more to stock, and less immediately on orders, thus tending to equalize our load throughout the year. In January we started to pack food products for shipment in August, the beginning of our peak load. This necessitates a slight risk as to amounts and assortments, because we have to estimate demands months in advance, but the risk is justified by bringing about greater regularity in the work.

3. Our valley load is in June, and during that month we have our vacations—three weeks on full pay for every worker who has been with us for a year. For service under a year we give one week for every four months worked. This is the established practice of owners and managers—why should it not be the practice for all workers?

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4. During the periods when some departments are more active than others, we transfer workers from less active to more active departments.

There is no doubt in my mind that a great many industries—and some of them the largest in the country—could, if they would, keep almost their entire force throughout the year, and with great benefit to themselves, both directly because of improved morale and indirectly because of the effect of such a practice on industry in general.

What might be the effect upon the industrial cycle if a large number of very big businesses considered their chief responsibility to be regularity of employment?

Paper: By Henry S. Dennison

THERE are about nine thousand items in the line of goods put out by the Dennison Manufacturing Company, with made-to-order products equal in quantity to stock items. The range of products includes crepe paper; shipping, marking and system tags; paper cases and boxes; gummed paper and gummed-paper products; sealing wax; holiday merchandise. The home office and main plant are located at Framingham, Massachusetts. There are two smaller plants in nearby towns, and one in London, England. In all, the firm employs some four thousand people.

Six major measures have been gradually evolved in the Dennison Company's efforts to regularize employment:

1. *Long-range stock-goods planning.* Practically all estimates for stock items are made six months in advance by the merchandising division. On the basis of the merchandiser's estimate, the manufacturing division makes factory schedules for stock goods and also for the required working force.

2. *Adding stock items to supplement special items.* By studying a number of special orders, a stock item which meets the requirements of most of them can often be worked out. This helps eliminate rush orders, permits manufacture in large lots at times that will balance the production schedule, and makes immediate deliveries possible.

3. *Getting seasonal special orders in early.* Seasonal orders can be enormously cut down if customers are brought to anticipate some of their seasonal needs in advance. We have accomplished this partly through persuasive salesmanship, partly by more definite delivery dates, and sometimes by lowering prices to customers who buy early.

4. *Building up "out of season" business.* This is a leveling process which increases total output while it decreases fluctuations. For example, printed greeting cards were added to our line to give work to the die-stamping crew during their off season. Again, we often secure contract orders calling for split shipments. That is, we may accept an order for five million tags to be delivered in lots of five hundred thousand for a ten-months period.

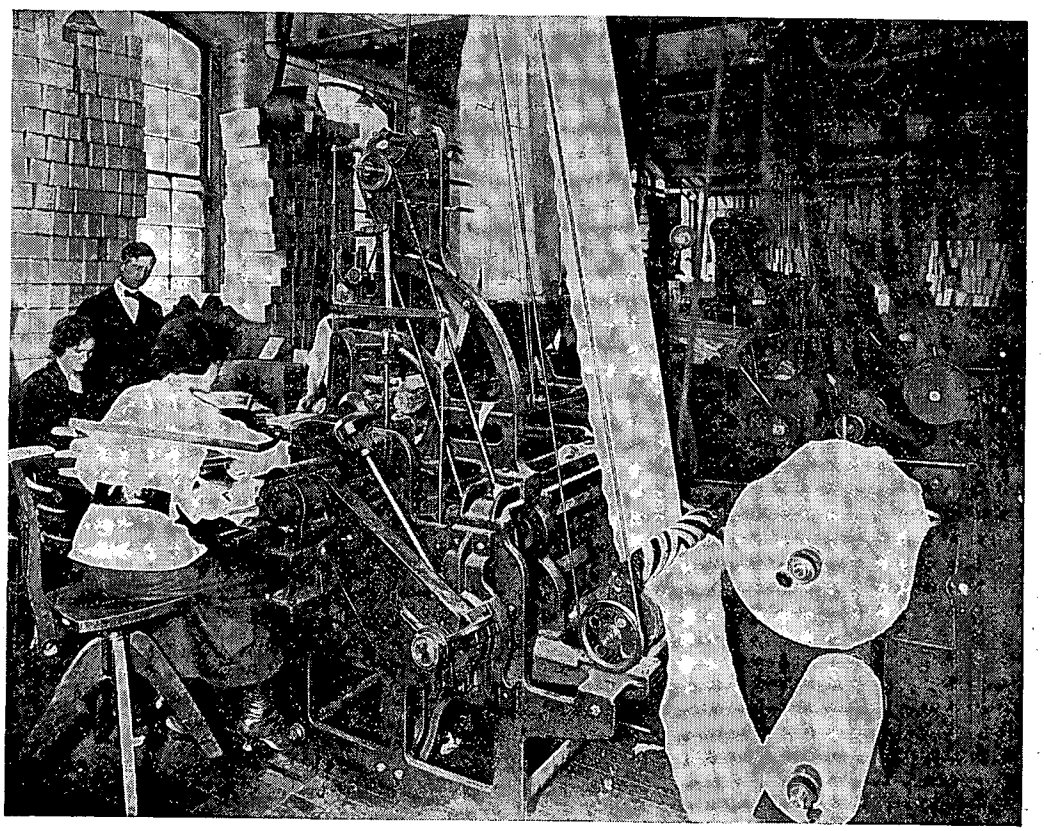
5. *Training operatives for supplementary jobs.* Wherever we can, we try to train operatives for more than one type of work. To insure the operative against loss during the training period, a retainer system has been adopted, under which a flat amount per hour is added to piece-rate earnings, the amount being decreased as the worker gains the skill required to bring his piece-rate earnings up to his usual wage.

6. *Study of the business cycle.* The manufacturing ideal is to avoid expansion at the peak of any cycle and to conserve resources for the times when the cycle is near the bottom. Of course no amount of study can yet do this with absolute exactness. A constant study of cyclical movements, however, gives results that are workably accurate.

At times, all these methods of regularization fail to accomplish their purpose in full. The company has therefore assumed the responsibility of paying relief to those for whom, temporarily, it has no work. This is done on the assumption that the opportunity to reduce the amount and duration of unemployment rests very largely with the employer.

Some years ago an unemployment fund was created out of the profits of the business over a five-year period. This fund does not constitute an unlimited guarantee, either of employment or of the maintenance of the regular wage rate; proof of its value to the company, both management and labor, is the only reason for renewing it.

The fund is administered by a committee made up of an equal representation from management and from the works committee. Employes of more than six months' service who are temporarily laid off for full or part time receive 80



"We of the Dennison Company feel that the unemployment relief fund will continue and intensify our efforts to regularize employment"

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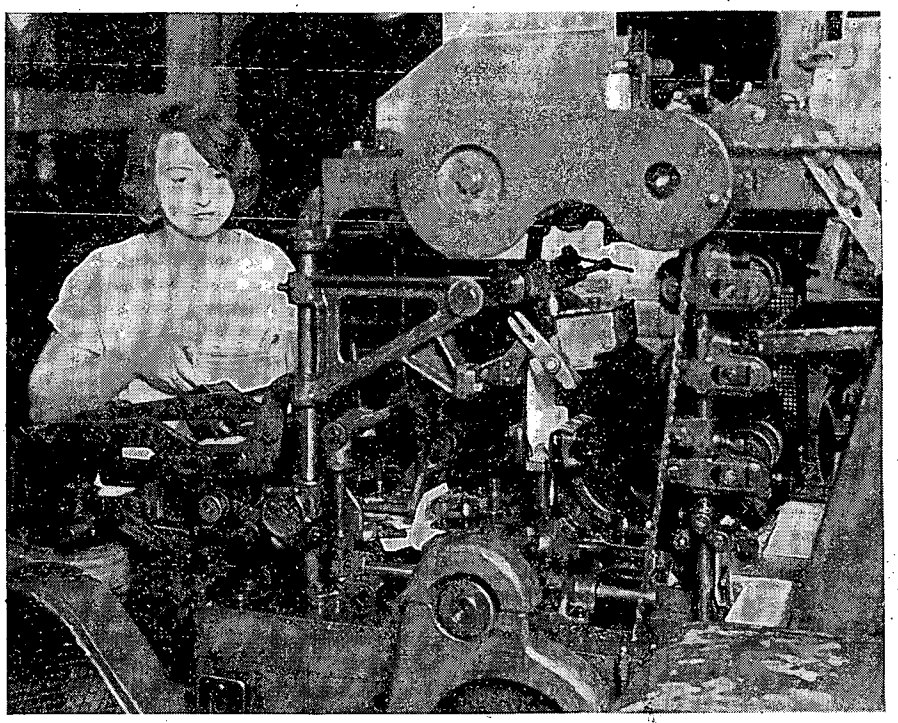
per cent of their regular wages if they have dependents and 60 per cent if they have no dependents. At any time after six days' payments have been made, the unemployment-fund committee may stop payments to any worker who, they feel, is not making proper efforts to secure outside work. So far there has been no case of this sort.

The fund started with $150,000 out of which there have been disbursements of about $75,000 since 1920. The drain on the fund was greater in 1921 than in any other year and yet, in 1921, the total amount paid out was only about 0.7 of 1 per cent of the total yearly payroll.

We are absolutely certain that the effects of the fund, in making management put forth every effort to overcome fluctuations of employment, have been extraordinary. When mutual fire insurance came in, with its rates varied in accordance with preventive efficiency, scientific fire prevention began. I have known many cases where the promise of even a slight change in rates has caused very earnest and persistent efforts on the part of management to decrease fire risks. We are finding the same thing with unemployment-relief funds. The sum involved is relatively small, but the influence is widespread. Our company and several others who have similar plans report that the effect can be distinctly felt even by salesmen in the field. We of the Dennison Manufacturing Company feel that the unemployment-relief fund will insure the continuance and intensification of our efforts to regularize employment.



Factory and selling schedules set the machines to insure even production and steady work at Ivorydale—

Soap: By W. C. Procter

OUR business is one of manufacturing and selling, under different brands, a household necessity of daily and regular consumption. Speaking generally, we do not believe there is much variation in the daily consumption of our products by the ultimate consumer. This being so, theoretically, our daily production should equal the daily consumption, all the variations in the demands made upon us being due to the varying size of the stocks of our goods carried by the distributors and dealers between us and the ultimate consumer. From our knowledge of our own industry and business we estimate our probable sales for the ensuing year, and base our daily production upon such estimate. By the middle of each month, we schedule for the following month the different brands to be produced.

There are, of course, wide differences between the daily or monthly orders received and our daily or monthly production. These differences are taken care of first, by adequate warehouse facilities; second, by controlling our deliveries to the dealer.

The dealer is quite ready to cooperate with us in this. His order is entered for whatever quantity he desires to buy and we desire to sell, but his deliveries and payments are made as his trade demands the goods, and he, of course, is saved the investment and storage of unnecessary stocks.

Before announcing the present plan, we tried the system out for two and a half years, and had no difficulty in maintaining regular operation. The character of the business requires a two-weeks shut-down a year to overhaul the plant. With these exceptions our plants have been in continuous operation since the system was adopted.

I do not think there is anything peculiar in the soap business that makes such a plan more adaptable to it than to any other industry. I believe that in the very great majority of industries the average annual consumption is approximately the same, without much fluctuation from year to year, and that the problem of providing for the distribution and warehousing is not a difficult one to work out if study is centered upon the special industry. I believe, from the economic side, the plan is sound. With proper knowledge of the business, shut-downs should be so exceptional that the corporation could well afford to pay its wage-earners during such a period. The advantage of regular production and a satisfied and permanent force of workers would easily more than offset such possible shut-down expenditures.

We are very glad to be able to put this system into effect in our corporation. We have believed it, and we think we have demonstrated, that it is possible,

—and at Racine, Wisconsin, where S. C. Johnson and Son have had no acute unemployment over a six-year period

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Soapmakers who, like chefs, taste their wares to see if they are done, are among the skilled workers needing security in their jobs to make the best use of long training and experience

under present economic and industrial conditions, to so organize the business as to satisfy all proper wants and aspirations of its workers.

Seebohm Rowntree, the well-known English manufacturer, defines the needs of industrial organization as follows:

Industry must so organize that it will become possible to pay all workers of normal ability wages which will at least enable them to live in reasonable comfort.

Their working hours must be such as will give them adequate opportunities for recreation and self-expression.

The workers must have a share in determining the conditions under which they shall work.

They must have a direct interest in the prosperity of the industry in which they are engaged; and finally,

Measures must be taken materially to increase their economic security, notably with regard to unemployment.

I think we can claim that all these conditions have been met by The Procter and Gamble Company.

We have not only always paid slightly in excess of the prevailing scale of wages, but have also provided sick benefit, old-age pension and life insurance.

We have been operating for years under a fifty-hour-per-week schedule.

We have for years had a Conference Committee before which all matters concerning working conditions are brought up.

Since 1887, we have had a profit-sharing system through which the employes share in the prosperity of the company.

We are now undertaking what I personally believe is the most important, that is, establishing economic security through providing against unemployment.

Finally, I believe that all these conditions of employment have been inaugurated and maintained without cost to the company, although it may not be possible to show on paper the exact financial return. Regularity of operation with contented and loyal employes has an economic value hard to define.

While the above statement as to the value to the company of conducting its operations in the manner it does is beyond question, I have no doubt that none of these measures separately, or all of them combined, would pay if inaugurated for the purpose of making profit out of them rather than the higher motive of right-dealing with its workers.

Floor Wax: By H. F. Johnson, Jr.

OUR company was established forty-six years ago by my grandfather, S. C. Johnson, and four years later my father, H. F. Johnson, became a partner. Their business, to start with, was the manufacture of fine hardwood floors but with the rapidly diminishing supply of wood in our section of the country this business was gradually discarded. It was through their knowledge of floors, and of woods of all kinds, that they developed our principal product, known as "Johnson's Wax" for floors and furniture.

This much of the history of our company furnishes a background from which I can trace our employment-regularity record and analyze the methods used, and the principles laid down by my father who was active in his work along this line up to his death a few months ago.

A business such as ours, operating three plants in foreign countries from our home plant and offices in Racine, Wisconsin, making and selling a complete line of enamels,

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varnishes, lacquers, in addition to "Johnson's Wax" and electrical polishing appliances, would be expected to show irregular employment over a twenty-five-year period—prior to 1922—following very closely the employment irregularity of other firms in our class. Our own records, prior to 1922, show an increased consumption and production of our products in the spring and fall during the house-cleaning seasons, but with an underlying trend of orders increased and distributed to avert acute unemployment situations, except in 1920-1921 when every one faced serious problems.

In 1922, our present unemployment plan went into effect. Under our plan, our firm assumed the responsibility of maintaining with the employes a fund administered by our Mutual Benefit Association which could be used in the case of an acute unemployment situation. The rates of payment and the rules governing the plan, follow very closely a plan developed from a study of the workman's disability laws of various states and then applied to our own conditions.

Since 1922, our records show that we have never had an acute unemployment situation. Various methods have been employed in this six-year term, among them:

1. Consistent advertising throughout the year to develop sales every month in the year.
2. Special sales plans for dealers, and salesmen's contests during the usually depressed months.
3. Development of new products and the training of employes so that they can be shifted from one job to another.
4. A vacation period in a usually depressed month during which all employes take their vacation.
5. A general policy to afford our workers many benefits, including profit sharing, coupled with a desire to deal fairly with all those that work with us.

It is interesting to study just what these methods have produced in our business both in terms of sales and in terms of employment. By reviewing our records of sales for the past three years and then dividing these yearly sales into the amount of business done in any three consecutive months, we find that the percentages, with the exception of the first quarter in every year, are almost exactly equal. With this as a fact, regular employment of workers necessarily follows.

To our minds, employment irregularities can be best eliminated by individual plans to regulate production and equalize sales throughout the year, so designed as to fit the particular problems of that business. Our records prove that regular employment of workers is desirable from the standpoint of the management as well as from the standpoint of the worker.

To handle felt on the "kneading board" is a skilled process in making hats

Hats: By F. H. Montgomery

THE manufacture of hats for men and women has always been a more or less seasonal trade, with the result that higher wages to the employe and higher prices to the consumer have prevailed than would have been necessary had it been possible to schedule production on an even basis throughout the twelve months of the year. The problem of unemployment in the hat business has, therefore, been as important to the manufacturer as it has been to the employe: important to the manufacturer because in the plants with which I am familiar but 30 per cent of the overhead varies with the monthly production—and to the employe because of the long dull periods.

We have given a great deal of time and attention to this matter of seasonal production and employment for the last ten years and have solved the problem to a considerable degree.

In most hat factories production has been only to order. Nothing is made and stocked by the manufacturer in advance. The problem therefore is to obtain the orders for the coming season before all the orders of the previous season are manufactured.

We found we were making a great variety of styles, and we simplified our line. We then selected from this simplified line certain styles that we believed could be sold to all our customers. Our advertising campaigns were planned to promote the sale of the particular styles so selected. This program of simplification aided us in obtaining orders earlier in the season than heretofore because, with fewer styles from which to select and certain of these to be featured in advertising, the retail distributor felt he could with safety place his orders earlier than he had been in the habit of doing. This program of simplification in selling very materially helped in the solution of our problem. We found, however, that to obtain the ideal condition towards which we were working we must control sufficient retail distribution to obtain orders covering the periods when it was most difficult to keep the factory in full operation, and our next step, therefore, was to obtain control of such retail distribution. The result has been that today employes in our plant are assured of much steadier work than ever before and our manufacturing processes are proceeding in a very orderly manner with slight variation in the output per month.

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"He has always been a driver since the beginning"

Matthew White's Home

MRS. WHITE stopped peeling onions for the children's lunch.

"Yes, there's six children. Ann's the youngest, and she's two, and William is the oldest and he's twelve. I stopped school when I was younger than William, so of course I can't write much, and their father can't either.

"He has always been a driver. When we married in 1915 he was earning $12 a week and had been working for a firm which delivered coke. He was with them for six years and then the firm moved out of the city. He was laid off the twenty-third of April and the baby was born in May. He didn't get any work until August. Then he worked for a traction company at $9 a week for one month. I had typhoid fever and the baby died. He stayed home to be with me for two days and he lost his job because of that. Then he took sick and I went back to the mill where I had worked before I was married. As soon as he got out of the hospital he got another job with a taxi company at $15 a week. He worked six years there. The men struck for higher wages and he lost his job. Then he was out of work for eighteen months, because nobody would take on any of the strikers.

"I went back to work again in January and worked till July, and in August our Tommy was born.

"Finally he got him a job driving a Sun Oil delivery truck at $25 a week. He stayed here five years and then had an accident and lost his job and was out four or five months when he got a job with the Bulletin, which he left to take one with a paving company at $25 a week and he's been there three years. He only works in the summer with this company, as they deliver hot tar and they can't do it in the cold weather. He was out of work all last winter and all this winter so far. I think we would have starved if I hadn't been able to get a job cleaning offices.

"My mother is real old and she keeps house for my brother and sister, in this house, but separate from us. Mother helps out when we actually haven't anything to eat, but last winter both my sister and brother were out of work. There wasn't a cent coming into the house. They walked the streets looking for work. That was when I came to you about the baby's milk. I hated to do it, but I watched those children starving until I felt I could go out and steal it. This was the time I couldn't get work myself.

"My sister works with a soft-drinks company and they work generally from March until September; then she tries to get something else through the winter, but she couldn't last winter.

"No, I didn't have any savings to see me through. You see the $25 he was earning was only on good days, so it didn't generally mean that much, and with six children you don't get far ahead on less than $25. But I can always manage when the money is regular.

"I didn't run into debt because the minute the money stopped coming in I stopped the milk and bread, and I never did keep a 'store book.' Of course the insurance went on just the same and the electricity, but I wouldn't let the family turn on lights very much; kept them sitting in the dark most of the time! Our gas is a twenty-five-cent meter and we didn't have it unless we had the quarter!

"Well, as to the children's health, Tommy seems to be the only one that stands up when he doesn't get enough to eat. Harry has been the worst one but Ann who was born a healthy baby went down to four and a half pounds when she was six months old and that was what made me come to you about getting milk. I just saw Harry and Ann starving to death before my eyes. Then the first time I ever got a card with 'malnutrition' written on it from the school was after their father lost his $25 job and took one at $21; and then last winter both Catherine and Brother got 'malnutrition' written on their cards again.

"Now of course we are just living on what I make. The children seldom get any meat, perhaps on Sunday if I can, and never any deserts.

"One of the worst things about it is that their father doesn't drink or 'carry on' when he is working steady. You wouldn't want to see a better man. He is awfully ashamed when he isn't working. He don't want to see anybody coming in who might know about it and he stays out a lot. He quit drinking for six months last year, because I told him what Harry said about him in the hospital. When I came in to visit him he said, 'Say, Mama, is my daddy drunk yet?' I said 'Harry what did you say that for?' He said, 'Because I don't want my daddy to drink. I want him to get a job.' I felt awful bad the other day when I heard him say to his father, 'You dirty bum, why don't you get work?'

"I don't know where he's heard things like that, but never from our house, because we don't say that.

"Of course I do scold a lot because I am cross when I'm worried. I go out to work at four in the morning and when I get back at nine *he* is still in bed and the children dirty and my mother cross from trying to manage them.

"I guess I take it out on everybody. I hardly know myself, because there's no ugly words in our house when he is working and things are going all right. I can always manage when the money is regular."—H. H.

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How Unemployment Strikes Home

By HELEN HALL and IRENE HICKOK NELSON

Drawings by S. H. Wainwright, Jr.

WE like to feel that no neighbor knocks in vain at the settlement door, but these days when Mrs. McNary comes saying, "Could you find me office work? My husband's been laid off three months now," we feel almost as helpless as Mrs. McNary. These knockings reach a crescendo in panic years but last winter and this winter, years of apparent prosperity, they have been insistent—and the responses we make to them have raised questions that are still unanswered. We know that the milk we may be able to supply for the babies, and the loans we make for rent, are pitiful make-shifts when what the breadwinner of the family needs is a job. We hold off the constable while we call up employers, only to be met with the reply, "We are turning people off, not taking them on." We turn to private employment agencies, the public ones failing help, generally to be told that a deposit must be made first and that there is such a long waiting list there's very little hope, anyway.

We miss a neighbor of long standing from a mothers' club. When pressed for a reason, she explains that she can't pay dues of twenty cents a month because her husband is out of work. From our clinics come the same stories—of people not able to pay small fees because they are out of work. When employment is scarce, old women who have stopped working come searching for jobs, trying once more to shoulder the burden of rent and grocers' bills.

"Sadie's out of work and Tom's out of work, and my daughter's husband can't get a job nowhere, so I thought I'd try to get something to do."

"But Mrs. Carter, I'm afraid you aren't strong enough."

"Oh, yes," she says, straightening up, "I'm stronger than you'd think to look at me."

Those very advances we like most to associate with the opportunity modern America holds out to its boys and girls are limited when "Father's out of work." To help to take his place, young people with plans for highschool abandon them and start looking for jobs. Even when the family can financially make shift without them, they are "ashamed all the time" no matter how hard they may be hunting for work. We know this to be true for we watch them change before our eyes; it's not only their clothes that grow old.

Because of this constant knocking of unemployment at their doors, the National Federation of Settlements at their meeting in Boston last spring, appointed a committee to study the effects of unemployment on home and neighborhood life. At that meeting, a report was made by the Chicago Federation of Settlements of its canvass of the emergency encountered during the business recession last winter.

Scientific managers and insurance experts were asked to join in the discussion at Boston. They urged the importance of the particular kind of testimony which the settlements are in position to give as to what it means to a family when industrial causes cut off its income. We know families not merely when they are in trouble. We live beside them in good fortune and bad, consecutively throughout the years, and can compare their normal standards with what unemployment does to them. We see through the abstract economic problem to the aching realities behind it, and our experience has brought us to recognize unemployment not merely as a symptom of financial crises, but as a recurring situation faced by our wage-earning neighbors as part of the modern scheme of production on which their livelihood depends. Our study—in which more than two hundred and fifty settlements have been asked to cooperate—will not be of families where strikes, sickness, habits, or other personal causes are chiefly concerned; but where through some stoppage or change in industry, breadwinners are thrown out of work, and home and neighborhood life are affected because of happenings outside their control.

More especially neighborhood workers are confronted by unemployment, not as a single episode in the history of a family, but as something that may come again and again, impeding and stopping its normal development.

Take the deAngelos. They are North Italian people, and an hour's talk with them brings out bits of philosophy and reminiscences of the farming country about Milan. The children, a fourteen-year-old daughter Rosa and two younger sons, were born in America. There is a spirit of comradeship among them all. You feel that here is a successful experiment in family relationships and that the effects of unemployment are absorbed as it were by sheer force of courage and perseverance.

The father came of a large family and went to work early at manual labor. He is employed in construction, and his earnings reflect the seasonal character of the building trades. He is a good worker, and things went well while work was steady and the children young. Sometimes he had to leave the family for months at a

THE neighborhood worker sees through the abstract economic problem of unemployment to the aching realities behind it. The Federation of Settlements is the first national organization of social workers to set out to gather material which will help educate public opinion on the subject and afford a background for legislative action. More than 250 settlements have been asked to cooperate. Miss Hall, headworker of University House, Philadelphia, is chairman; Mrs. Nelson of Union Settlement, New York, secretary. Here they give an insight into the ground they are exploring.

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Every night she cleans twenty-six offices and she gets for it thirteen dollars a week

time, going once to Maryland, once as far as West Virginia, but work was to be had if he looked for it. Then came a winter four years ago when he was unemployed for five months. Now and then the boss would send for him, but it would be for only a week or two. Everywhere there were scores of men looking for the same sort of jobs.

Since then the situation has tended to repeat itself each winter. He says it no longer pays to go elsewhere looking for work; the expense and the risk of failure are too great. He just walks the streets day after day, on the chance of finding a few days'—even a few hours'—employment. Mrs. deAngelo says, "It would be better for him if he stayed right home until spring; every afternoon he comes back so cold and tired and discouraged." The family have pulled through somehow. During the first bad winter they moved into cheaper quarters. Mrs. deAngelo not only manages the household thriftily and makes all the clothing worn by herself and the children because the things wear longer, but she works six nights a week from six until ten o'clock in an office building some distance off. Every night she cleans twenty-six offices and gets thirteen dollars a week for it. Cleaning an office involves mopping the floor, sweeping the rug, emptying waste-baskets and ash trays, dusting and straightening the furniture—all this for slightly more than eight cents per room. Her pay, with their small savings, has to support the family during the slack time.

THE deAngelos stand for the pre-war immigrant whose footing, after fifteen or twenty years, is still insecure. We are not overwhelmed today, as when immigration was at its flood, with the plight of young, non-English-speaking peasants taken on and laid off wholesale by American industry. There are newcomers, however, of a different sort, who have sought escape here from the aftermath of war in Europe.

Henry Walther, reared on a farm in what is now part of Czechoslovakia, had risen while still a young man to the rank of colonel in the Hungarian army. In his own words he "had a body servant to clean off his spots and brush his *hohe Stiefel,* and nothing to do but boss his men." He speaks four languages fluently, English brokenly. After the War, with the Bohemian girl who became his wife, he made a new start in America. Today they attend English classes in a New York settlement and the husband will soon become a citizen. Their home, a small three-room flat in an old tenement, is furnished with a few precious and well-chosen possessions. There is a five-year-old son, a handsome, clear-eyed child who clicks his heels and bends double when his mother tells him to say How-do-you-do. The father works this winter as a head porter in an office building, and Mrs. Walther adds to his earnings by part-time nursing. In this way they are paying off a relief loan made by the settlement in less fortunate days and are slowly clearing up debts to friends.

Colonel Walther's first employment, back in 1922, was with a storage-battery company in Cleveland. A few months later a third of the force was laid off, and the pair drifted into Pennsylvania, trying their luck in several small towns. He drove a grocer's wagon, picked apples, and turned his hand to whatever he could find. In 1923 they came to New York where his first job was with a packing-house. It lasted for two years at nineteen dollars to twenty dollars per week until illness cost him his job. His two-months sickness was followed by four months out of work. Then came a better year as superintendent of a small moving-picture house at $30 per week, but the company went out of business. After this, in his own words, he found a queue of three hundred men waiting for every job for which he applied. He was willing to take anything; for a few weeks he hired out as a bus boy in a restaurant in Brooklyn, earning a few dollars a week. He was out of work for ten months during which the family moved into poorer quarters. Previously Mrs. Walther had worked at home on underwear and had assisted in the settlement day nursery where she could be near her boy. Now she turned to account her two-years training in Prague and went on twelve-hour night

All the family is badly run down in health. Mr. Werner is very gaunt and thin

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duty at a hospital. She kept up her home and took care of her little boy during the day, but several months of this were followed by a nervous breakdown and four weeks in a hospital. Through such hardships they reached their present footing. Both parents believe in protecting the child, whatever the cost to themselves, and he is the only member of the family who shows no sign of having suffered privation.

The Walthers no less than the deAngelos typify the insecurity of bread-winners who have no special training to bargain for livelihood. But what of the skilled mechanic? The remark is often heard that in these days a good workman need never be out of a job. This comfortable generalization was thrown out for discussion at a mothers' club in a Philadelphia settlement. "My husband's very good at his trade, and he's been out of work a long time." "My husband's an electrician, and he's been out of work three months. He got a job for a week, then got laid off." "My husband's a granite cutter and been out of work for a long time now. He was out during the summer and that's the busy time." The replies came so fast they formed a protesting chorus.

THE Werners are American-born, the father a steam fitter's helper whose wages (eight dollars a day) would provide a good home for their six children if work were steady; but they are offset by long periods of seasonal unemployment. He had two weeks' work in January—his first employment since last spring.

They live in three top-floor rooms on the lower west side of New York. During these recent months, Mrs. Werner's brother has given them their rent money, and to meet their food bills they have earned about eleven dollars a week making lamp shades. This necessitates steady work by every member of the family except the baby, even six-year-old Vincent having learned to make the smallest shades which bring seventy-five cents a dozen. They have sometimes borrowed from relatives, but have steadfastly refused charity, except in the form of free milk, cod-liver oil, hospital treatment, and fresh-air relief.

For clothing they depend on chance windfalls from anywhere. The mother displays with satisfaction the worn-out sweaters which are doing their last bit of service as undershirts. Food bills being more flexible than rent, diet has been cut down to the minimum.

The family is badly run down in health. Mr. Werner is gaunt and thin. Mrs. Werner has never recovered from not having had enough to eat during her first pregnancy when her husband was unemployed. Then came the difficult birth of their first child. Today, this daughter is languid, underdeveloped, and less far advanced in school than her younger sister. The eldest boy complains of severe joint pains; the six-year-old has swollen glands that never clear up and a cardiac condition has recently shown itself. The mother conscientiously takes the children to clinics and follows the instructions given as well as she is able; yet, except for the baby, they are pale and undersized.

Mrs. Werner is a pleasant friendly woman, not given to self-pity or complaint, but she confesses that she is too worried to sleep. She appears to be overwrought much of the time. "American-born, and look at us!" she says.

Financial depressions and seasonal irregularity are not the only situations in which working people lose their jobs through no fault of their own. The bitter antagonism they often express toward labor-saving devices is easily explained by our inadequate facilities for (*Continued on page* 84)

The Cardani Home

THE Cardani family—of mother and father, eleven-year-old daughter, and two sons aged ten and eight—have lived close neighbors to the settlement for ten years. Mrs. Cardani has been a real asset to the settlement because of her cooperativeness. The children have entered with enthusiasm into every activity offered for junior groups. Mr. Cardani has been more aloof; on the rare occasions when he has come to the settlement, perhaps to a community gathering, or to see Bianca dance, it has been impossible to engage him in conversation. For the last eight months the family have been coming less and less frequently. Mrs. Cardani explained:

"Ever since last May, I work so hard at the factory I cannot go to clubs and classes any more. My Bianca does some of the work home that I used to do, so she can't go either."

Here Mrs. Cardani put her iron aside, wiped off a chair for her caller, and herself sank into another.

"I've always helped out some, sewing coats at home, or half-time in the factory. But this year my husband has been off since May. Only four days' work since May, right in the good season too, when we count on buying clothes and saving a little. So now I work out all day long.

"Why couldn't he get a job last summer? Well, every morning he goes to see the bosses. They say, 'No, too many men come; not enough work; you got to wait.' Everywhere too many men, jobs for just a few.

"I could earn more money if I went downtown to work. But I don't want to let the children run wild, with nothing hot for lunch or anything. This boss, he knows we women don't want to leave our families and go way down there, so he says, 'Take what I pay, or get out.'"

"But surely, Mrs. Cardani, you cannot earn enough to pay the rent, and buy coal and food, too?"

"No, I can't. For these four rooms we pay $20 a month. I make $12 a week. That's all we have. But you know what we do. If we pay the rent and there isn't enough left, *you know what we do.*"

Here Bianca, an interested listener, explained, "We eat little—that's what we do."

"Yes," went on Mrs. Cardani, now that the truth was out, "that's the only place we can cut down. I haven't been able to afford eggs or meat this winter. From the time my babies were weaned they always had one egg a day. Now Bianca is getting so thin and white, my husband says we'll have to manage that egg again somehow. No, I don't mind eating light—it just kinda makes me cold sometimes. But it's the children!

"I got some trouble too that pulls me down. The doctor said I should rest or have an operation. But I haven't any time or any money. I stay up till one, two, three o'clock every night trying to keep the house clean and the children's clothes fit to wear to school. Maybe next summer if he gets a job, I'll get a chance to rest up."

Just then Mr. Cardani came in and when told what the talk was about, added in broken English:

"I come to this country eighteen year ago. I live with Italian people. All the men I know they do day labor same as me. I'm brick-layer's helper—$8 a day. We never make full week though—one day too cold, next day it rain, maybe the sand don't come, maybe the cement.

"What do I do when I got no job? Mornings I go out and look for job. Then I come home and sit."

At the door Mrs. Cardani remarked that it was getting colder out, "when it comes very cold," she said, "we have to spend the money for coal and then I just don't know what to do for food." There had been no fire in the stove that evening, with the thermometer at 40° outdoors. The flat was cold and the floor draughty. The family were wearing coats or sweaters turned up at the neck, but the children had only cotton stockings and thin shoes.—I. H. N.

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Trade Union —Promises

By THERESA WOLFSON

"She receives nine dollars a week for seven weeks of unemployment from a fund . . . administered entirely by the union"

ORGANIZED labor has attempted from time to time to cope with the problem of unemployment in a number of ways. There is the good old-fashioned restriction-of-output scheme—or making the job last—fast becoming an anachronism partly because of the rigidity of the machine technique, and partly because the union is losing much of its shop control with the changing technique of production. There is the campaign for the shorter work-day which is being realized, not by the brawny right arm of unionism, but by the very needs and limitations of our industrial system. Again, there is the attempt at the regulation of overtime, there is the restriction of union membership, and the limitation of apprentices. More recently a few union locals have undertaken the payment of an indemnity for the loss of jobs to workers who have been ousted by the new machines. There is the out-of-work benefit, the weekly allowance handed out by the local union secretary or the local relief committee, the treasury of which is usually raised by special dues or assessments to meet the unemployment emergency. The caprices of local secretaries and the malingering designs of workers frequently play havoc with such funds. Ten international unions report some form of unemployment benefit in their local unions. These, however, are subject to the vicissitudes of most union activities. During periods of industrial prosperity they flourish; during periods of depression they silently fold their tents and vanish.

Three unions in the United States today—the Amalgamated Clothing Workers, the United Cloth Cap and Hat Makers' Union and the Ladies' Garment Industry of Cleveland—have established and maintained an unemployment-insurance fund for which the employer assumes some responsibility. The Amalgamated, with a total membership of about 135,000, initiated its fund in its Chicago market covering some 30,000 workers. In the last two years it has established funds in Rochester and New York including about 38,000 more. In the Cloth Cap and Hat Makers' Union, some 3,362 members are covered, or one in every five members.

This type of insurance marks a step toward workers' control of economic problems. Its effectiveness, however, depends upon too many factors which are missing from the American picture. The establishment of trade-union unemployment insurance presupposes a well-organized workers' movement as powerful and as efficient as the employers' organization. It presupposes a unity of purpose and ideals in trade-union philosophy. Today the American trade-union movement is comparatively weak, and does not seem to be gaining in strength or unity of purpose. Three million organized workers out of twenty-three million wage-earners, and out of forty-one million persons gainfully employed, is too small a proportion to control this *bête noir* of industry.

What does industrial unemployment insurance really mean to the individual worker? Abraham Cohen, an operator in a large manufactory of men's coats in Chicago, is entitled to employment benefit from a fund made up of 3 per cent of his employer's weekly payroll and 1½ per cent of the workers' wages. When he works he earns $40 a week. The seasonal unemployment period arrives, and Cohen must register at the employment exchange twenty-four hours after he has read the "No work" sign on the factory doors. He receives 40 per cent of his full-time wages, or $16 a week. He cannot receive more than seven and a half weeks' insurance for the entire year. It is true that Cohen may have been out of work ten weeks throughout the year, but all he receives in Chicago is $120 for the time he is out of work. It is not much. It does not cover the family budget for the period, but it does make a real difference to Cohen's family, to his self-respect, and to his relationship to his union.

The inroads upon his savings will not be quite so deep. This amount may pay his rent for four months—enough to stem the rising tide of debts. It may save his standard

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Insurance—and Realities

Photographs by Lewis W. Hine
for Amalgamated Clothing Workers

An operator on men's coats in Chicago draws unemployment benefit from a fund to which he and his employer both contribute

of living from complete collapse during the long weeks of unemployment.

To Minnie Jacobs, a member of the Cloth Cap and Hat Makers' Union in New York City, the unemployment insurance is of equal significance. She receives $9 a week for seven weeks of unemployment from a fund which is made up of 3 per cent of the employer's total payroll, but which is administered entirely by the union. She gets $63 for the period that she is out of work, and to her it means the wherewithal to "keep up appearances." If she lives with her family, it enables her to buy a few needed clothes and the incidentals that are equally important to Minnie's self-respect. In the matter of food and shelter, Minnie's mother reasons that she has to "cook for four people anyhow; Minnie isn't such a great eater. As long as she is out of work we'll manage on less and she won't pay her board." But paying for clothes and carfare is another matter, and to Minnie the actual cash of her insurance money is a godsend!

Her brother Henry is a member in the same union and gets $13 a week in unemployment insurance. He is married and has a family to support. Thirteen dollars is not much to a man who earns $50 or $60 a week during the busy season, but it keeps Henry from taking a job in a scab shop in order to make a few extra dollars in the slack season.

It makes for greater union strength and union loyalty, and this, in turn, helps maintain better standards for individual workers.

Then there is the old operator who lives with his son and the latter's family. He does not earn very much during the busy season—enough, to be sure, to cover his simple wants and to make him feel like an independent person. Comes unemployment and the dread of being permanently discharged! Old age and dependency stare him in the face. He fights for the right to continue his membership in the union and secure his unemployment insurance. "I can't always be asking my son or my daughter-in-law for carfare to go downtown to look for work, or for money to buy some tobacco." To him the insurance means continued life.

One could go on interviewing workers and learning what this unemployment insurance means to them, but there is another story that one hears and must consider. It is the series of challenges to industrial unemployment insurance, not because it is not good in itself—but because it is so limited in scope and because it promised so much more than it is actually accomplishing.

A few weeks ago the unemployment committee of the New York local of the United Cloth Cap and Hat Makers' Union held a meeting at which thirty-three applications for unemployment-insurance benefits were considered. Six of the applicants were rejected on the ground that they had been out of work for more than a year. Five of these were considered too old to be able to secure a job in the trade in the near future; they were likely to become too great a drain on the fund.

All six workers had been members of the union between ten and fifteen years. Although their cases were heard and reheard several times, unemployment insurance was denied them on the usual technical grounds. The Daily Worker seized upon the report of the committee as material for a diatribe on reactionary trade-union politics. Actually the incident is merely an example of the weakness of an isolated insurance fund to do more than provide short-term relief.

The unemployment-insurance reserve fund is comparatively small. During periods of prosperity the employer contributes a percentage of his payroll. But when there is no payroll there is no contribution forthcoming, and very shortly the fund is exhausted, payments are reduced and finally curtailed entirely until the next season.

During the last few years the economic conditions in the needle trades have been chaotic. There have been longer and more frequent periods of unemployment. The insurance fund of the International Ladies' Garment Workers Union has been abandoned entirely; two of the local funds of

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the United Cloth Cap and Hat Makers' Union have been temporarily suspended for lack of funds. If unemployment insurance cannot be paid during prolonged periods of unemployment, is it unemployment insurance?

The contention that this type of insurance will stabilize production and minimize unemployment is challenged by many workers. The employer contributes from 1½ per cent to 3 per cent of his weekly payroll to the fund. During periods of unemployment the employer does not pay anything to the fund. He is in no way penalized by the union or the insurance fund, nor is he compelled to minimize his period of unemployment. Under ordinary circumstances he could not do so even if he would. It has even been the experience of those local unions in the needle trades that have secured a time-guarantee clause—whereby the employer is reimbursed if he keeps his factories working a minimum period—that the employer will find it cheaper to forfeit the guarantee or a share of it, send part of his work to contract non-union shops, and close down his own factory. Of course, this action is often compelled by the fact that his own factory is not equipped to produce a cheaper type of article for which he has secured an order.

Again, the unions find that insurance funds do not meet the exigencies of unemployment due to fundamental changes in the industry. The fifty thousand excess miners in the coal industry or the several thousand clothing workers who have been out of work for a year or longer, are not only out of the industry, realistically speaking, but also out of the union and the province of its benefits. A few union locals may even grant a special donation and urge him to leave the trade. The cutters' local of the Amalgamated Clothing Workers in Chicago secured a special appropriation from the unemployment-insurance fund and from the employers, gave each surplus cutter (three hundred in all) five hundred dollars, and bade him "God-speed." The policy is not a common one—for most unions it would be impossible—and yet mechanization is constantly displacing workers and new industries are slow to absorb them.

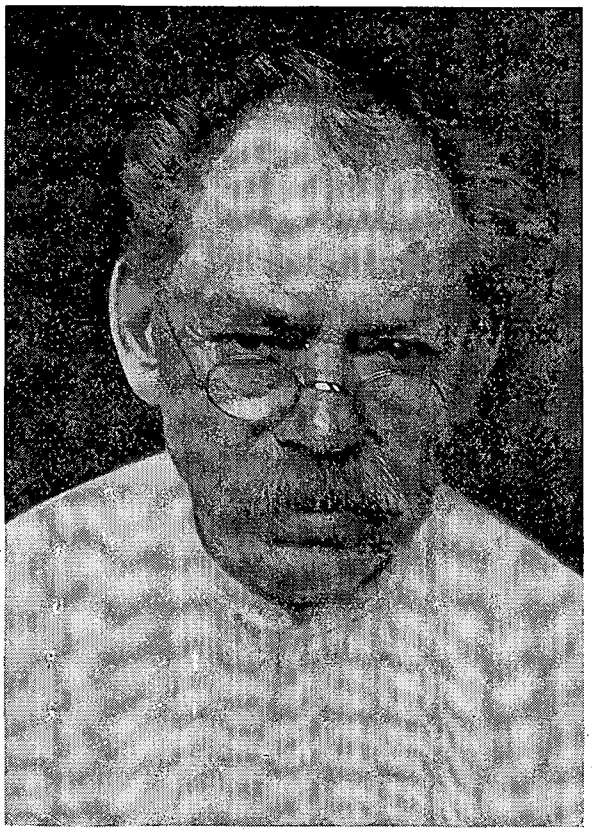
The brief experience which American unionism has had with unemployment-insurance schemes has brought to light certain facts and has disproved certain beliefs. The contention that these insurance funds will compel stabilization of production and the elimination of seasonal unemployment is not valid. There has apparently been increasing unemployment in the needle trades with longer periods of seasonal unemployment within the last three years, not because of the unemployment-insurance scheme to be sure, but in spite of it. Changes in styles, revolution in the techniques of production, new machinery, excessive competition, and internal union dissension—all these have contributed to the chaos.

That this type of unemployment insurance will organize the labor market by creating conditions which the slothful employer cannot afford to deny is not true according to American trade-union experience. Unemployment insurance exists only in those markets where the union is powerful and the organization fairly complete. Prolonged economic depression or internal union strife spells the doom of the fund.

It has been stated that the establishment of such funds will reveal certain information essential to the prevention of unemployment and, perhaps, descriptive of the nature of seasonal unemployment.

In the Chicago office of the Amalgamated Clothing Workers a record is kept of every member of the union, his name, the shop he works in, the operation he performs, the number of hours he worked the week he registered, the wage he received, the employer's contribution to the fund, and his own contributions. This furnishes a basis for intelligent action—but it is limited by the narrow horizon of the funds. Information gathered in two unions cannot throw light upon the increasing army of workers who are out of work because of new methods and new machinery.

There is a moral justification for unemployment insurance which must not be neglected. The education of employers to the point where they will accept a certain responsibility in the matter of unemployment is the beginning of effective social consciousness. To the union, the insurance against unemployment is a fact which places it in a strategic position as far as its own membership is concerned. Sydney Hillman, president of the Amalgamated Clothing Workers, stated at the last convention: "The unemployment-insurance contract is a legal contract. When employers put their signatures to it, though they may not believe for a while that they are responsible for living up to it, they will soon find out, that it is not a question of merely putting their signature to an agreement that they do not expect to keep. . . . The more responsibility the labor movement assumes, the greater will be its power. That has been our experience."



His benefit does not cover the family budget for the period but it does make a real difference

The Communist may decry this "class collaboration," but thirteen dollars a week in the worker's pocket during a period which is fraught with mental anguish creates a closer tie between the worker and his organization than that evoked by well-worded pronunciamentos.

Unemployment insurance cannot eliminate unemployment. It can alleviate it, but it is unable to do even this effectively unless there is developed a nation-wide scheme for unemployment insurance covering every industry. To expect miracles from small experiments in industrial insurance or in trade-union unemployment insurance is expecting the impossible.

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American Experiments With Unemployment Insurance

By BRYCE M. STEWART

AT the outset we must recognize the infantile character of the unemployment-compensation movement in America. A few progressive employers and trade unions have experimented in the field and fifteen schemes—ten on the initiative of individual employers and five by joint agreement between employers and trade unions—have been established.

What have been the purposes underlying this movement? Little printed material indicative of the motivation of the company plans is available, but a study of unemployment compensation now being completed by Industrial Relations Counselors, Inc., has thrown some light on this phase of the subject. That organization, after surveying the experience of all the American plans on the spot, succeeded in bringing together representatives of the managements of nine of the ten existing company plans and one from a scheme now in abeyance. Questionnaires on their experience were forwarded in advance of the meeting by every company operating a plan and an entire evening was devoted to a stock-taking of their purposes and results and to some attempt to envisage the course of development. A stenographic record of the discussion affords a unique source.

The immediate stimulus of a number of the company plans was the depression that began in 1920. Idealism also must be accorded a considerable place as a motivating factor, but idealism tempered with economic considerations. For most of the company plans, unemployment compensation was part of a broad program. At least a decade before the formal establishment of their unemployment-compensation schemes, some of these managements had caught the vision of steady production and security of employment. The flush employment of the war years spelled opportunity. Methods and staffs in production, sales, finance and personnel departments were reorganized to this end, and the general acceptance of a predestined succession of ups and downs and ins and outs in the work life began to give way before their numerous ingenuities.

IN the joint-agreement plans the proceedings of the union conventions prior to and since their adoption indicate the considerations that prompted them. The first plan—the employment-guarantee scheme of the Ladies' Garment Industry of Cleveland—represents a safeguard against a modified form of piece work which the employers secured during the after-war depression and which the union feared would bring further unemployment. The joint plan of the Chicago Men's Clothing Industry is a tribute to the progressive leadership of the Amalgamated Clothing Workers. Emerging victorious in 1919 from a ten-year struggle to organize the industry in Chicago, the union began the construction of a centralized employment exchange to organize their labor market and, on the completion of this undertaking in 1923, insisted on a scheme of unemployment compensation as their next effort to cushion the recurring slumps in employment. Confronted with much the same problems, the Ladies' Garment Workers' and the Cap Workers' Unions followed their lead in the New York market.

As to motives, then, the plans established by individual employers have been adopted as planks in general programs for the stabilization of production and personnel, and both humanitarian and business considerations have prompted them. In the joint-agreement schemes the union invariably has been the active promoter. In one non-union establishment the fact that the union in the industry had a scheme of out-of-work benefits may have been a stimulus. In a union such as the Amalgamated Clothing Workers that has established a position in the government of its industry, the militant motive is practically obsolete as a rallying force. Having won title to their jobs the next objective was to make them better jobs, and schemes of unemployment compensation, life insurance and old-age pensions are being advanced as the new forces for cohesion.

IT must be emphasized that at this early stage results must not be expected. We are examining hopefully the first shoots of a new species in the American scheme of industrial relations, not harvesting a crop. The first objective is survival. Of the ten original company plans, two are practically defunct. The fund of the Deering Milliken Company at Garnerville has been exhausted and greatly reduced at Wappingers Falls. The American Cast Iron Pipe Company at Birmingham, Alabama, has abandoned its scheme. One of the most important of the joint-agreement projects, the Ladies' Garment Workers' plan in New York, seems to have been abandoned. We have therefore a 20 per cent mortality in each type of plan. One stillbirth must also be recorded—a carefully thought out system of unemployment compensation for the fur industry of New York. If all the original plans had survived, they would now cover about 130,000 employes—say, 15,000 for the company schemes and 115,000 for the joint agreements. The abandoned schemes reduce the present coverage to about 13,000 and 65,000 for the company and joint respectively or, say, 80,000 in ail.

By way of actual cash disbursement of unemployment pay, the figures indicate a substantial accomplishment, especially for the unemployment funds as contrasted with guaranteed employment plans. The entire unemployment compensation in America under these schemes has probably totalled about $7,000,000, of which all but about $350,000 must be credited to the joint agreements. In 1928 approximately $25,000 was paid in benefit by the surviving company plans and about $850,000 by the joint schemes. Of

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Main Provisions of American Industrial Insurance Plans

Company Plans

Columbia Conserve Company, Indianapolis, Indiana. Plan established 1917. No insurance fund; all benefits paid by the company. Up to June, 1918, all workers were covered. Under the revised plan, salaried workers are guaranteed full salary the year round, incuding vacation; wage workers are guaranteed 50 hours per week while employed.

Deering, Milliken and Company. Dutchess Bleachery, Wappingers Falls, N. Y. Fund established out of earnings, December, 1919, effective 1920. Guaranteed a minimum of half-time pay 52 weeks per year while the fund lasts. Every employe on a piece-work or hourly basis of pay with 12 months' service is eligible. Has paid out about $70,000 in benefits to a force slightly over 500, and the fund is greatly reduced. The same management established another scheme at the Rockland Finishing Company, Garnerville, N. Y., 1920, with a specified maximum of $120,000. Guaranteed 24 hours pay per week; eligibility the same as at Dutchess Bleachery. The fund was exhausted June 30, 1923.

Dennison Manufacturing Company, Framingham, Mass. Fund established 1916, effective 1920, when it totaled $147,237. Factory and office workers of 6 months' service are eligible. Fund pays 60 to 90 per cent of wage loss for lay-offs or reduction through temporary transfer to lower paid work. No provision has been made for renewing the fund, now about $100,000.

United Diamond Works, Newark, N. J. No fund. The company pays all benefits. Among plant workers, men receive 25 per cent of their average earnings, women 20 per cent, office workers about 50 per cent. Workers are eligible after 6 months' service at the option of the company. In eight years, about $40,000 has been distributed to a force of about 100.

Crocker-McElwain Company, and the **Chemical Paper Manufacturing Company,** in Holyoke, Mass. These firms guarantee a full year's work to employes of 5 years' standing who sign a contract recognizing the factory as "neutral territory from which factional differences are excluded." About half the 600 employes of the two companies are five-year men. About $15,000 has been distributed since 1921.

John A. Manning Paper Company, and **Manning Abrasive Company,** Troy, N. Y. No fund. The present plan of unemployment benefits was established in 1922. All members of the welfare association, requiring one year of continuous service in one of the production departments, are eligible. Benefits are limited to $72 per year, paid in amounts to insure a minimum income of $9 per week. About $500 has been distributed.

S. C. Johnson and Son, Racine, Wisconsin. Plan established 1922. Benefits to be paid from the funds of the Mutual Benefit Association, which is reimbursed by the company. Practically all employes of 6 months' service are eligible. Shop and office employes receive $1, $2, or $4 per day according to wage classification for the first hundred days of involuntary idleness and half these amounts for the second hundred days, for a maximum of 200 working days and 6 holidays per year. The firm has distributed slightly over $3,000 to a staff of about 300 in eight years, and $5,000 at the same rates for time lost annually for six public holidays.

Leeds and Northrup Company, Philadelphia. Fund established and placed in the hands of trustees in 1924. The company set aside $5,000 and contributes 2 per cent of the weekly payroll until contributions equal twice the maximum weekly payroll of the past 12 months. All employes receiving under $2,600 a year with 3 months' service are eligible, unless they have signed a temporary employment agreement. Employes with dependents receive 75 per cent of wages and employes without dependents 50 per cent for from 3 to 26 weeks a year according to the length of service. About $500 has been distributed to a force that has increased from 400 to 660.

Procter and Gamble Company, Ivorydale, Ohio, and **Procter and Gamble Manufacturing Company,** Staten Island, N. Y. No fund; expenses "charged to profits." Plan established October, 1927, guaranteeing 48 weeks of full pay per year, less holidays. It now covers about 5,000 employes, the largest group in any of the company schemes. Workers are eligible after 6 months' service if they participate in the company's profit-sharing plan. Only those earning $2,000 or less per year are included. Amounts charged to unemployment pay are probably under $1,500.

The American Cast Iron Pipe Company, Birmingham, Ala. A fund of $15,000 was set aside, 1924, and an equal amount, 1925. Factory workers with one year's service were guaranteed a minimum of four days' pay weekly. After 50 days' unemployment accumulated in one calendar year, half-time pay was given for all days lost. Plan discontinued, 1928.

The Brown and Bailey Company, Philadelphia, employing about 150 workers, in 1927 entered into an agreement with a local trust company for the establishment of an unemployment fund. The formal provisions of the plan have not yet been adopted, and the scheme is still inactive.

Joint Schemes

Ladies' Garment Industry, Cleveland. 1921. Each manufacturer contributes 10 per cent of his payroll to a market fund administered by the board of referees for the industry. Workers are guaranteed 41 weeks' employment per year. An employer's liability is limited to 10 per cent of his direct-labor payroll. Benefits are at the rate of 50 per cent of the minimum wage scale. All regular employes are eligible. About $200,000 has been paid out to a force of about 3,000.

Amalgamated Clothing Workers, Chicago. 1923. Workers contribute 1.5 per cent of their wages, employers 3 per cent of their payroll. Administration is in the hands of several boards of trustees. Benefits are at the rate of 40 per cent of full-time wages, with a maximum of $20 per week, seven and a half weeks in the year. Union members in good standing for one year are eligible. About $5,000,000 has been collected and $4,000,000 distributed up to January 1, 1929, to a force that has declined from about 30,000 in 1923 to less than 20,000 in 1928. The plan was extended to Rochester and New York, 1928.

Ladies' Garment Industry, New York. (Cloak and Suit). 1924. Workers give 1 per cent of wages, employers 2 per cent of the payroll, in a market fund. Benefits of $10 a week for a maximum of six weeks in each of the seasons are paid. Because of industrial strife and union dissension the plan was suspended in January, 1927, after collecting about $2,600,000 and paying about $2,000,000 in benefits. The plan was extended to the dress branch of the industry but withdrawn before paying benefits.

Cloth Hat and Cap Industry, New York. 1924. Manufacturers contribute 3 per cent of their weekly payroll to a market fund, administered by a committee of the union. Workers do not contribute. Benefits limited to seven weeks in one year, are paid at the rate of $13 a week for men and $9 a week for women. About $300,000 was distributed up to January 1, 1929, to a membership of about 2,000. The plan has been extended to a small membership (about 1,000) in Chicago, Philadelphia, Boston, Baltimore, Scranton, Milwaukee and St. Paul.

Lace Industry, Kingston, N. Y., Scranton, Penna., Wilkes-Barre, Penna. The agreements were adopted in 1923 and 1924. The plans cover about 200 weaver union workers in the three markets. Under the plan, any union member may draw benefit in any week in the year in which he has suffered unemployment to bring his earnings for that week up to a maximum of $15 in Kingston and Scranton, $16 in Wilkes-Barre. Loans are being advanced by the firm and the union to continue the payment of benefits in Kingston.

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the latter amount $750,000 was distributed under the Amalgamated Clothing Workers' plan in Chicago.

This degree of survival and distribution of benefit has been accomplished in a period that for some schemes has amounted to trial by fire. The records show that the plans existing during the depression of 1920-21 made a large part of their total benefit distribution during that period. The Dutchess Bleachery paid in 1920-21 about $25,000 of its total benefits of $70,000 in the period 1920-27. The drain on the fund of the Rockland Finishing Company practically exhausted it, about $100,000 in a total expenditure of $106,000 having been disbursed in the two years. At Dennison's about $23,000 in a total of $75,000 was distributed in 1921. Approximately 20 per cent of the benefits under the Crocker-McElwain plan in its eight-year history were paid in 1921. In one year, April 8, 1921, to April 10, 1922, the United Diamond Works' plan sustained a benefit expenditure of $31,000 in a total of about $40,000 in the period 1921-28. Several of the company funds show the effects of the slacknesses of 1924 and 1927. The general depression in the textile trade that has continued since 1921 must be charged with the wrecking of the two Deering Milliken Company funds and with severe shocks to the clothing funds in Chicago and New York.

The new unemployment has also been a factor. Indeed, one plan seems to have been wrecked on the reef of technological unemployment. With the advent of centrifugal pipe, the American Cast Iron Pipe Company realized they would soon confront an altogether unanticipated volume of unemployment and their scheme was abandoned.

What is the promise for development of the movement? The surviving company schemes show varying degrees of vitality. Accepting the condition of the fund, for those that have established them, as a measure of their state of health, we find the Dennison fund has been reduced from $147,000 to about $100,000. The management feels that the expenditures have been large and that steps should be taken to conserve the fund. As to the remaining two surviving company funds, that of Leeds and Northrup is constantly maintained at twice the maximum weekly payroll in the preceding twelve months, and the Dutchess Bleachery fund has fallen from $85,000 to about $20,000. The two discontinued company plans exhausted their funds and it must be recognized that the existence of a fund permits better judgment of the condition of the plan than when the payments are met by the corporation as a current expense. The remaining unfunded plans have no reserve between them and a change in policy by the management which may mean their discontinuance. Evidence of the development of company plans is furnished by the recent adoption of a scheme of unemployment compensation by the Brown and Bailey Company of Philadelphia.

ON the side of the joint projects, the suspension of the plan in the Ladies' Garment Industry of New York is offset by the development of the scheme in the Men's Clothing Industry. The plan started in Chicago was extended in 1928 to New York and Rochester, the first and third centers of the industry, Chicago being second. In these two markets no benefits will be paid until a reserve has accumulated. The comparatively small scheme of the Cloth Hat and Cap Workers in New York has increased its benefits with resulting heavy depletion of the fund at a time when good policy would seem to have dictated the building up of a reserve against greater need.

Of all the plans, company and joint, that of the Amalgamated Clothing Workers in Chicago and the defunct Ladies' Garment Workers' scheme in New York are most entitled to be termed unemployment insurance. The contributions were paid into a fund vested in trustees to be disbursed in accordance with the rules, and the firms and the union lost all interest in them. The moneys were thus segregated from those of the two parties. Discontinuance of a business or change of policy on either side could not prevent the distribution of any remaining balance as unemployment benefit, except in the improbable event of collusion between the parties looking to the appointment of trustees willing to violate the rules of the trust.

It is easy to wish history had been different, but surely it is regrettable that only three of the plans were established before 1920. If only the abundant employment, high wages and overtime pay of the war years could have been used to build up strong funds, there would have been a lower rate of mortality among the plans and much more adequate relief of the cyclical, seasonal and technological unemployment that has been encountered in the past eight years.

Consideration of unemployment compensation as a regularizer of production and employment through greater stability of purchasing power, is irrelevant apart from a nation-wide system. The plan of any single establishment or even industry would scarcely register in this direction in one of our large cities, but if some of those plans could be visualized as functioning in a small community, we would probably find the local business men ready to testify that business had shrunk to a much lesser extent than in former periods of bad times.

AS to their usefulness as incentives toward regularization, little can be expected when the penalty imposed by unemployment pay is still so small. Yet the indications are that there have been some gains on this side and that progress is being made. The joint plan in the ladies' garment industries of New York offered no inducement of this kind to the employer. The contributions of the whole industry were pooled and the more efficient firms contended that the larger per capita contributions from their factories by reason of their greater volume of employment in the year were being used to assist the employes of poorly managed competitors and to maintain these firms in competition, that, in short, the natural evolutionary process of the elimination of the unfit firm was being arrested by the plan, and that the fit were being penalized rather than rewarded. They contrasted their situations with the conditions in the Cleveland ladies' garment and Chicago men's clothing industries, where the funds were maintained on an establishment basis and the employer could reduce his insurance costs by the attainment of the set standard of regular employment. Indeed the Chicago scheme functioned for the more rapid elimination of the marginal, irregularly operating factory, for the firms and their employes with a reserve of two years' benefits could discontinue contributing until the reserve decreased to a sum sufficient for one year's payments. In effect, this would amount to a wage increase for the employes enabling the firm to attract the most efficient labor in the industry, and a reduction in labor cost for the management making possible lower selling prices and more energetic competition with firms that had not achieved the same measure of steady employment.

(*Continued on page 71*)

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Britain's Experience

By MARY B. GILSON

Drawings by "Flambo" in the New Leader, London

HAVE you ever heard of that bathtub full of coal? Certainly every one interested in improving housing conditions for the poor has met the story of the unregenerate workman who thus proved that no workmen deserve bathtubs. In Great Britain the stories of the miner who bought two pianos and the workman who went to the Riviera on his "dole" are rolled on the tongue of people afflicted with the same selective fallacy responsible for the famous bathtub story; and in America these tales of British workmen are repeated with embellishments. In the face of such picturesque stories, it is difficult to attract attention to Great Britain's actual experience with state unemployment insurance.

The population of Great Britain is now over 40,000,000 and Sir William Beveridge estimates that in a country of that size one may always expect to have from 250,000 to 1,000,000 unemployed. The term "unemployed" includes not only persons definitely without a job, but also persons suspended, temporarily laid off, or on short-time and not at work on the day of the count.

The general average of unemployment in Great Britain since the War has been 11 per cent. There are always wide geographical variations. In May, 1928, for example, the proportion of unemployed in London was under 5 per cent, while in one of the coal areas it was over 60 per cent.

The Report of the Liberal Industrial Inquiry (1928) points out that the most disturbing feature of the British situation is the fact that its unemployment figure has remained at a high level for so many years. In most other industrial countries periods of activity and of slack have alternated much as they did before the War. In Great Britain since the spring of 1921, the number of wage-earners known to be seeking work has never fallen substantially below a million. "Year in and year out British industry and trade have had to carry this unprecedented burden. It is the seeming impossibility of discovering any short way out of this economic *impasse* that gives a distinctive character to the problem before us."

The rate of unemployment differs greatly, not only geographically but also industrially. Some of the low-rate industries object to carrying the burden of high-rate industries, but the movement in favor of "insurance by industry" is not very lusty just now, in the face of national emergencies. Today the most serious problems are in several of the basic industries, notably coal, iron and steel, cotton, and to a less extent in shipbuilding, heavy engineering, and wool. There is permanent shrinkage in some of these, notably coal and textiles, while, as in this country, others—such as silk, electrical engineering, brick and tile manufacture, motor and aircraft construction—are expanding. To discover methods of facilitating occupational as well as geographical transfer of personnel, the British government appointed the Industrial Transference Board in January, 1928. Besides suggesting internal transfer of workers, one of its major recommendations was to encourage emigration. But it is not easy for a miner whose father and grandfather have worked in his mine, now closed permanently, to pull up roots and plant himself in a strange and faraway country. When the loss of a job means the loss of home and life-long associations the problem is complicated indeed.

The unemployed baker pawns his clothes for bread

ALTHOUGH statistical returns show large numbers of unemployed at all times, most of them remain out of work for comparatively short periods. Some interesting facts in this connection were disclosed by a report on the personal circumstances and industrial history of 9,748 persons who claimed unemployed benefit during the week ending April 9, 1927. This number represented 1 per cent of the total number of claimants to all local offices on the date of inquiry. It was found among male claimants that there was a nucleus of individuals who had been on benefit for long periods. They were mainly over 45 years of age and probably made up less than 7 per cent of the total number of claimants. The similar nucleus among females was negligible. The record of the rest of the group showed that among those drawing benefits the personnel changes constantly, the average claimant probably working at something not less than 70 or 80 per cent of the time.

Limitations of space forbid a discussion of the economic reverses which are reflected in the unemployment figures. The chief one is the loss of foreign trade during and after the War, an important element in the present situation when one considers that the volume of export trade which before the War absorbed one-third of Britain's industrial man-power has fallen by 24 per cent.

To understand Great Britain's unemployment legislation, it is necessary to go back to her care of able-bodied unemployed through poor relief. The notable Report of the Royal Commission of the Poor Laws and the Relief of Distress (1909) set down the general belief that "a Poor Law provision which, rightly or wrongly, carried some measure of stigma, was not the right kind of provision for working people who merely re-

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quired to be tided over a period which experience had shown to be inevitable."

As a result of their exhaustive study of other methods of meeting the problem, the commission reported that "the establishment and promotion of unemployment insurance, especially among unskilled and unorganized labor, is of paramount importance in averting the distress arising from unemployment."

ACCORDINGLY, labor exchanges were established in 1910, and an Unemployment Insurance Act was passed in 1911 which became effective in July, 1912. Employers, workers and the government contributed to the unemployment insurance fund. More than 2,500,000 workers over sixteen years of age were covered in a few trades with a heavy unemployment risk, the chief of which were engineering, shipbuilding and construction. In 1916, after the War had been in progress for two years, the national scheme was extended to 1,250,000 more workers. Administration was through the employment exchanges or through trades unions and Friendly Societies which had been paying benefits long before the national act.

It is unfortunate that unemployment insurance has become confused in many minds with the out-of-work donation paid to discharged soldiers, munitions workers and others whose jobs ended with the War. Because the sudden release of these people made demands which could not be met by the unemployment-insurance fund, the money had to be taken from the exchequer and because the out-of-work donations were more generous than the unemployment benefits, the latter were largely in abeyance for a time. The opprobrious epithet "dole," now often incorrectly and indiscriminately applied to insurance benefits, was used for these out-of-work payments which amounted to about £65,000,000.

On the recommendation of the National Industrial Conference and as a result of more favorable public opinion toward the scheme, the Unemployment Insurance Act of 1920 was passed. This covers industries with low as well as high rates of unemployment, and excludes only agriculture, private domestic service and some minor occupations. About 11,750,000 workers, including all non-manual workers getting less than £250 a year, were included.

Because of including this large number of additional workers before they had paid contributions and because of the post-war depression, it was impossible to adhere to the requirement of prerequisite contributions as a basis for paying benefits. Conditions governing what was known as "uncovenanted benefits," later called "extended benefit," were increasingly relaxed. From 1921 to 1927 the history of the unemployment-insurance scheme consisted largely of one act after another liberalizing eligibility for benefits in favor of those who remained unemployed for prolonged periods. Much of the criticism directed against Great Britain's unemployment insurance has been due to the wide use of extended benefit, which, of course, does not conform to the principles of strict insurance. The critics, however, have in most cases been unable to suggest an effective program for the relief of the unemployed by other means.

The unemployed shoe worker has no shoes

The unemployed textile worker needs warm clothes

The plan was not thoroughly overhauled until the Act of 1927 passed, following the report of the Blanesburgh Committee on Unemployment Insurance. The membership of this notable commission included representatives of employers, trade unions, local employment committees, the general public and a recognized authority on poor law. The recommendations embodied in the final report justly bore weight with the government in framing the new act.

The Unemployment Insurance Act of 1927 includes all workers between 16 and 64 covered by preceding acts. Old-age pensions now take care of the "65 and over" age groups. The chief provision of this act is the abolishing of extended benefit after a transitional period ending April, 1930. All benefits are made standard or payable as of right where requisite conditions are satisfied, eligibility for benefit requiring that thirty contributions be paid in during the two years prior to claim. The fulfillment of this condition is verified quarterly.

Only the involuntarily unemployed are eligible for benefits. A lazy Tom, Dick, Susy or Jenny cannot get a "dole" simply by holding out his or her hand for it. Among the conditions are those requiring that a man be "genuinely seeking work but unable to find suitable employment," "suitable" being carefully defined to exclude strike-breaking, or occupation below the established standard in wages or working conditions, although conditions as to the latter requirements are being gradually relaxed in the face of acute and prolonged unemployment.

THE Act of 1927 also requires that a claimant, after a reasonable lapse of time, undertake employment *other than employment in his usual occupation,* provided other requirements relating to suitable work are observed. It is obvious that in districts where unemployment is heavy and of long duration and opportunities for work are few and far between, the tests of a man's willingness to work are applied with difficulty. But criticism should in this case be directed against unemployment instead of against unemployment insurance.

The rates of benefit established by the Act of 1927 (see table) would seem unlikely to pauperize the recipients. Benefits are paid only for whole days.

Weekly Benefits

Men 18 to 65	17s.	$4.25
Women 18 to 65	15s.	3.75
Boys 16 to 17	6s.	1.50
Girls 16 to 17	5s.	1.25

Seven shillings ($1.75) may be added in case there is a dependent husband or mother, wife or housekeeper, and 2 shillings (50 cents) for each dependent child.

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In case beneficiary does not receive dependents' benefits:

Young men aged 20	14s.	$3.50
Young men aged 19	12s.	3.00
Young men aged 18	10s.	2.50
Young women aged 20	12s.	$3.00
Young women aged 19	10s.	2.50
Young women aged 18	8s.	2.00

Weekly Contributions

	Employed person's	Employer's contribution	Employed person's	Exchequer contribution	Total contribution
Men aged 21 to 65	8d. $.16	7d. $.14	6d. $.12	21d. $.42
Women aged 21 to 65	7d. .14	6d. .12	4½d. .09	17½d. .35
Young men aged 18, 19 and 20	7d. .14	6d. .12	5¼d. .10½	18¾d. .36½
Young women aged 18, 19 and 20	6d. .12	5d. .10	3¾d. .07½	14¾d. .29½
Boys aged 16 and 17	4d. .08	3½d. .07	3d. .06	10½d. .21
Girls aged 16 and 17	3½d. .07	3d. .06	2¼d. .04½	8¾d. .17½

SOME employers pay additional sums to cover short time, waiting periods and other hazards not covered by the state scheme, besides paying further benefits for complete unemployment or for such consecutive short time as the state covers. Among these firms may be mentioned Rountree and Company, Cadbury Brothers Company, Lever Brothers, Ltd., E. S. and A. Robinson, Ltd., and Needler Brothers.

Unemployment insurance is administered by the Ministry of Labour through employment exchanges and workers' associations. There are nearly 1,200 exchanges, including branch offices, with an insurance officer in charge of each. The function of employment exchanges is twofold: to place workers and to pay unemployment-insurance benefits when applications for them have been approved by the insurance officer in charge, or, in case of appeal, by the Court of Referees. This court is composed of one or more representatives of employers and an equal number representing insured workers, the chairman being appointed by the minister of labor. Still further appeal may be carried to the umpire, appointed by the crown, whose decisions over a period of years establish precedents useful in building up common procedure.

At the beginning of 1928 there were 145 associations of work people, with an assured membership of 1,042,500 which were administering unemployment insurance. Most of them were trade unions as few other organizations could fulfill the necessary conditions imposed by the government.

The placement work of the employment exchanges is severely handicapped by multifarious duties in connection with paying benefits, and by the attitude of many employers. In 1927, however, 1,436,052 vacancies were listed at the exchanges and 1,252,707 were filled. Among employers who recruit their workers through the employment exchanges may be mentioned such progressive firms as Rolls-Royce and Cadbury Brothers, who find this an entirely satisfactory method even where skilled workers are required.

IN spite of the vast and complicated administrative problems involved, the overhead has been surprisingly low. The Blanesburgh Committee stressed the fact that no insurance company could boast a rate of administrative expense as low as the 9 per cent, which was approximately the cost of the government's administration at the time the investigation was held.

The indebtedness of the unemployment fund to the national exchequer has been widely criticized. It must be borne in mind that this debt is on an interest-paying basis, the interest paid to the exchequer amounting to from 4⅞ to 6 per cent. Looking back over the history of the fund, we find that from 1912 until the Armistice, over £15,000,000 had accumulated. Unemployment was slight and the number of insured workers varied from 2,000,000 to 3,400,000. After the Armistice, out-of-work donations to civilians and ex-service men, together with a temporary spurt of industrial activity, so relieved the fund that by November, 1920, it amounted to nearly £22,000,000.

Large numbers of workers who had not paid any contributions to the fund were covered by the Act of 1920. Unemployment persistently increased, and the unemployment fund had to be replenished by the national exchequer. By the end of 1921 the debt amounted to more than £7,000,000, and by March, 1923, it had reached £17,000,000.

In September, 1924, the debt had fallen to £4,670,000, but again unemployment rose, conditions governing benefit were further relaxed and at the end of December, 1925, the debt was £7,595,000. The coal strike caused devastating inroads on the fund and the debt rose to £22,640,000. In December, 1927, it was $23,180,000. In December, 1928, Parliament had to pass new legislation permitting the fund to borrow from the exchequer up to £40,000,000. The debt is now over £30,000,000 and is still mounting. This record is quite obviously due not only to the extraordinary demands made on the fund during a post-war period when social needs demanded sympathetic action as opposed to actuarial theory, but also to the permanent closing of many mines after the coal strike of 1926 and to the maintenance of a surplus of labor in other shrinking or temporarily depressed industries.

THERE are many snags in the overlapping of poor relief and unemployment insurance. When extended benefit is refused and a man cannot find work, he appeals for poor relief. There are methods of clearing between the boards of guardians and the employment exchanges, but this does not prevent friction on the part of the poor-relief authorities when they are called on to support able-bodied unemployed. Moreover, politicians instead of experienced social workers often influence the dispensing of poor relief in certain districts. In November, 1927, Mrs. Sidney Webb, in criticizing the "indiscriminate and unconditional relief of the able-bodied" by poor relief, said: "The total cost of poor relief in all its forms reaches the gigantic sum of £50,000,000 annually as compared with £14,000,000 in 1906. . . . Pauperism, that is relief out of public funds, may in itself become a disease of society." As a measure of administrative simplification, bills are at this writing before Parliament which would abolish boards of guardians both in England and in Scotland and transfer their functions to county councils and to town councils.

As for malingering, there have been nine investigations into the personal circumstances and industrial history of claimants since the act of 1920 was passed. Space forbids even a brief review of the results of these scrutinies, but, after a careful examination of them as well as of a wealth of "check-up" material relating to individual cases, one is forced to conclude that the disturbing rumors one hears both in England and in America concerning the "work shy" are greatly exaggerated. It would be absurd, naturally, to state that there are no fraudulent claims among nearly twelve million insured workers, but it is entirely accurate to state that there is sufficient evidence to prove that these cases are relatively few. (*Continued on page* 77)

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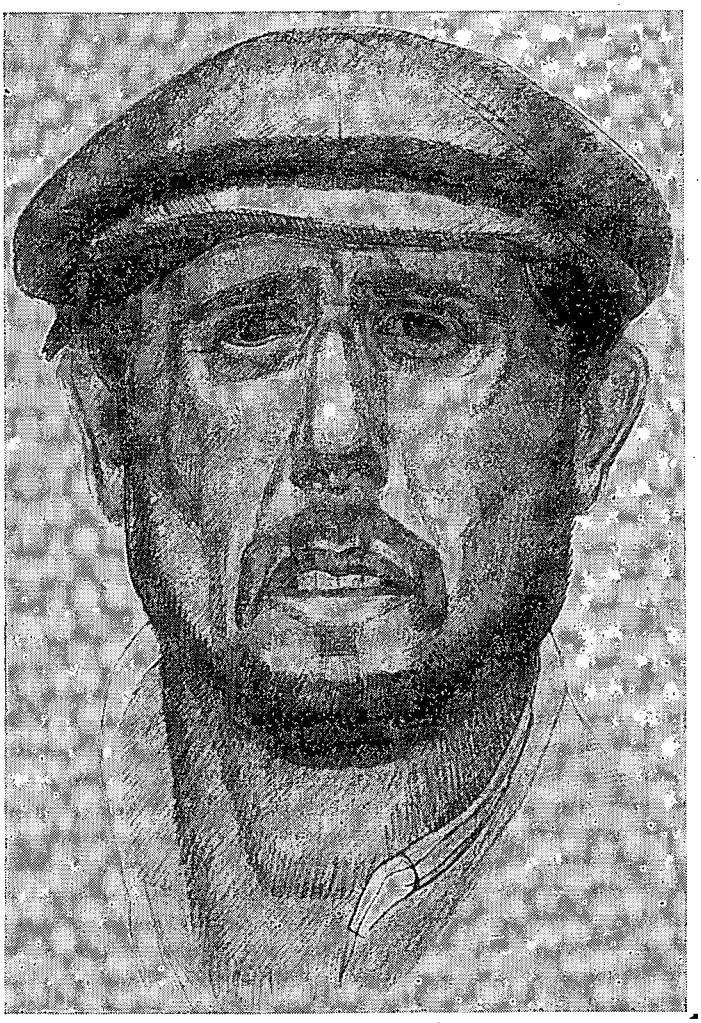
Why Labor Leaves Home: An International Comparison

By HORACE B. DAVIS

Drawings of French workers by Emile Bouneau, Paris



THE man in the employment office of the Pittsburgh steel mill chewed his pencil ill-humoredly. Fifteen men had gone yesterday, and twenty more had asked for their time today. The big boss was sending frantic requests for more men; the office was hiring every day, but could barely keep up with the number that left. The company's agent in Richmond, Virginia, was being obliged to resort to prevarication in order to get new men; he was promising 75 cents an hour to those he signed up, and when they arrived and found that the rate was 44 to 50 cents, their disposition to stay was not increased. The men were harder to keep now than they were before the 8-hour day. And if the corporation wanted the 8-hour day, why did they have to stop at the continuous processes; why not put it in for the maintenance men too?

Two laborers came in to say they wanted their time.

"Whatcha leaving for?" asked the man in the employment office.

The laborers answered with a grunt. Clutching their pay envelopes tightly, they disappeared down the long avenue. Bound for Detroit, most likely.

Seeing the world. A lot of the turnover in the steel works is due to no other reason. After all, why should the plush bum in the Pullmans have a monopoly on travel? Henry Ford and the U. S. Steel Corporation make it possible for lots of men to see America first, last and all the time. A lot of the motors that are turned out in Detroit serve to bring a new labor supply to turn out more motors; men beat their way from the South and West. And the locomotives and cars made from iron and steel of the U. S. Steel Corporation bring thousands more men, on and under the floor of the cars, to turn out more steel. You don't have to be built like a gorilla to work in a steel mill nowadays! Any old cripple can get a job there in busy times.

But on reflection the man in the employment office is obliged to admit to himself that there are other reasons than sightseeing for labor turnover. Married men and middle-aged men sometimes leave the works, too. And turnover is not confined to busy times. In the year of grace 1929, a Pittsburgh steel-works employing 8,000 men is figuring on an annual turnover of 40 per cent. What a waste of time, if nothing worse! The widely advertised welfare work of certain employers, in the steel and in other industries, has not solved the problem; it has barely scratched the surface.

The man in the employment office puts his feet on the desk, lights a cigar, and wonders. What does the heavy industry in other parts of the world do about it? In that other great band of steel mills, blast furnaces, iron and coal mines that runs from the Ruhr in Germany to Lorraine in France, by way of Luxemburg and the Saar Valley; how do they do it there?

THE visitor to Lorraine may soon convince himself that the hobo is not a purely American phenomenon. The wails of the employers arise on all sides: What can we do to keep the men in the mines? They will tell you that the turnover at such and such a mine has been 300 per cent in a year; and you cannot prove they are wrong, though you will treat all such statistics with well-grounded suspicion.

Almost alone among the iron and steel centers of Europe, the Lorraine district has been expanding its iron and steel production since the War at a terrific rate. The expansion is not surprising, because they started from nothing at all in

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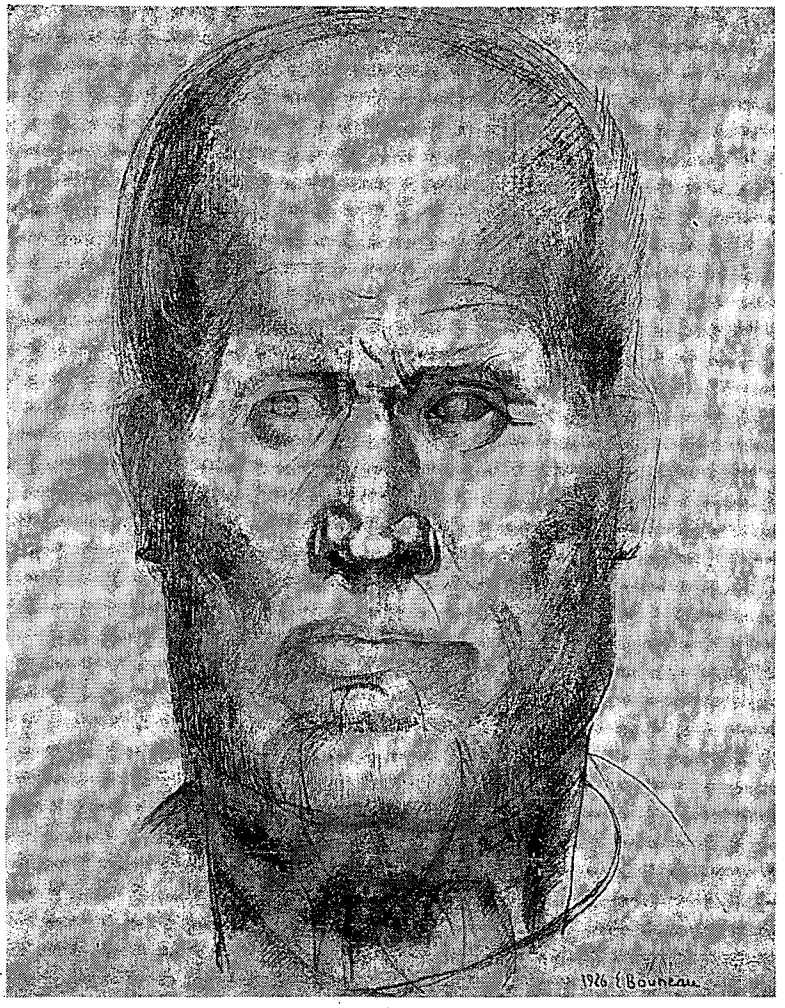

1918. It results not so much from the building of new plants as from the rebuilding of old ones, such as the Longwy Steelworks, the foundries and steelworks of the Marine and of Homécourt, and the famous de Wendel plant at Joeuf, all of which were blown up or seriously damaged at the end of the War. Neither is the expansion new; the basin of Briey, on the French side of the border, was one of the fastest-growing centers in Europe in the decade before the War. The story of how it grew in little more than a decade to supply nearly the whole of France's need for iron and enter the foreign market, is epic. And finally, the turnover problem is not new; the personnel changed more rapidly before the War than it does today. And since the population of France, in spite of a birth-rate higher than England's, is stationary or decreasing, the extra help that was needed had to be recruited mostly from abroad. So the problem of Lorraine was surprisingly like the problem of Pittsburgh: a large, unorganized, floating mass of foreign-born laborers, unassimilated and with a disposition to wander.

THE problem for Lorraine is much the same today; but the attempts to solve it have at least been marked by some imagination. The measures undertaken have been of two kinds: those resulting from the initiative of the iron magnates, individually and collectively; those resulting from the pressure of government, especially the national government, under the new laws which aim to regulate the labor market.

The first in time, and to date the most important, have been the efforts of private initiative to get the laborer to Lorraine and to keep him there. Keeping him there is not too easy because nature does not do her part. There is nothing inviting about the Lorraine countryside which is rapidly becoming one of the great iron and steel centers of the world. The towns, which now number at most five or ten thousand inhabitants but are sure to grow, will have to create their own attractiveness. Before the opening of the iron mines, this corner of Lorraine was a not too fertile agricultural and grazing upland, with a few scrubby groves of trees, drained by the small beginnings of what further down grow to important rivers. Neither Briey nor Longwy is more than a village; Nancy and Metz are cities of over 100,000, but they are two or three hours away on the train. Clearly community life must be built up from the beginnings. The farmers and small traders who were already on the ground have received the newcomers suspiciously.

The mayor of the town where a mine or factory is located is today usually an official of the local mining or steel-making concern. It is the company town such as Americans are familiar with. But the French employers do not confine themselves to working through the machinery of town government employes. By the time they have developed a plant with several thousand, they yield to no one, not to Krupp or von Stumm or the American Rolling Mill Company of Middletown, Ohio, in the list of "welfare activities" which the works maintain. Take this list furnished by the Longwy Steelworks: sick benefits, mutual-insurance society, hospital, medical service with twenty-one doctors, loans for sickness and funerals, old-age pensions, mothers' pensions, family-allowance payments, library, shower baths, amusement hall, popular theater, gymnasium, apprenticeship courses, workers' diningroom, home-economics school, day nursery, private school—harmonie, symphonie and fanfare! At Homécourt, Joeuf, and many other centers, the list is similar. Yet the labor turnover obstinately continues high. . . .

THE man in the employment office shifts his position and relights his cigar. Very good, he says, but what about us Americans? We've got everything they've got, haven't we? Even to the fanfare. We've got stock-purchase plans and a safety-first propaganda.

We will have to hand it to the man in the employment office on one count: the American employer excels in selling himself to the worker. Even though the Europeans are beginning to get safety posters in circulation that look like vacation advertisements, and some of them are expressing a willingness to take care of their workers' savings. But France has something more: a national policy for recruiting labor. When the agents of the heavy industry go to distant agricultural regions for workers, they are met by no state law like that of Alabama which levies a terrific tax on the soliciting of labor. Instead, the government agencies will be set to work for them.

These agencies are three: the employment exchange, the local administrative commission, and the immigration authorities. By means of the first, genuine demands for labor are notified automatically to all parts of the country. Any one applying for a job and being accepted can be trans-

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ported to the job for less than the usual fare. During 1927, when there was a great deal of unemployment in France, the worker paid no fare at all and the only fare collected was a quarter the usual one, put up by the government. In the first six months of 1927, there were 95,000 such transfers.

THE second institution is the departmental (or municipal) administrative commission. This is composed of representatives of employers and trade unions in equal numbers, and has the duty of supervising the work of the employment exchanges and giving its advice on all questions pertaining thereto. It is obliged by law to meet every three months; in the interval its duties are performed by a permanent committee. This commission is not a mere paper organization. Here is an illustration of the way it works:

The superintendent of a Lorraine iron mine puts in an application for twenty miners. This is brought before the permanent committee at its next meeting. The committee discusses the matter briefly. It appears that there really are twenty jobs open, and the men are sent for. Next week the superintendent is back with a request for twenty more men. The regional secretary of the General Confederation of Labor, representing the workers, becomes suspicious. He inquires whether the housing is adequate to accommodate these extra men. The chief of the employment office telephones to the local officials of the town in question for their opinion, and these state that large numbers of Italians have recently been leaving for home because of exceptional demands for labor there, and that for that reason the request is in their opinion justified. But the secretary of the union is not satisfied. He presses his point about the housing. The committee as a whole supports him and the request is disallowed.

In the application of the employer for labor, he must state what wages he expects to pay, and if this is below the going rate the request is refused. If he promises to pay the going rate and does not, this is adjudged a violation of the labor contract and the worker may supposedly collect. But there are many complaints about payment under the rates. The employer must also state whether adequate lodgings are available. There are some horrible slums in Lorraine, due purely to congestion. Some of those in Homécourt, for example, are as repulsive as any in the United States. But as to the extent of the insanitary quarters and the shortage in housing, there is no agreement. "We have been trying for months to find out how many people live in there," says the secretary of the metalworkers' local at Joeuf, passing a three-story brick building inhabited by Italian immigrants. In general, the houses furnished by the factory management are reasonably well kept up (perhaps because they fall within the province of the factory inspectors); but they are inadequate in number. The local health ordinances are also inadequate. Apparently the best solution of the difficulty is for the employers to build more houses; and this they are continually being requested to do. The Lorraine trade unionists are strongly of the opinion that bad housing conditions are the big factor in labor turnover.

The worker, even the unskilled worker, thus has in the administrative commission a certain protection in signing up for a job at a distance. In a country where the starting rate for unskilled labor is around 65 cents a day, that is of course especially important, since the worker's reserve is so small. The administrative commission exercises a decided check on the employers' tendency to flood the labor market, and makes it difficult for the foreigner to underbid the domestic worker. However, its control is not absolute. There are some workers who cross the border without passports and trust to luck that they will be able to regularize the position on arriving at the place of work—a thing which, when labor is scarce, they commonly have little difficulty in doing. Once it happened that the employers, who are strongly organized in the eastern area, became impatient with the obstacles raised by the local commission, and went direct to the minister of Labor with a request that they be allowed to import six hundred foreigners. The commission of course protested at this procedure, but the foreigners seem to have come in just the same.

The regulated immigration policy of France is very recent, and indeed is still being developed; it is the third and most important of the agencies for regulating the labor market. The same forces that before the War resulted in a million Europeans a year leaving their home countries are still in operation, and in addition there are the economic dislocation of the peace treaties, and the "white terror" in countries like Italy and Hungary. Southern and eastern Europe have probably more would-be emigrants than before the War. France is not a high-wage country like the United States, but it is a step above Italy and the Balkans, and geographically

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is much nearer to them. In the five years from 1921 to 1926, the foreign-born population of France showed a net increase of a million, and the number could have been much larger if France had been willing to let them come in freely. From 1919 to 1925, 1,182,000 were officially admitted—754,000 for industries and 428,000 for agriculture. There is a chronic shortage of labor in agriculture; a large number of immigrants sign up for a farm job, work the three-months minimum (or less) and then drift to the cities. You can't keep 'em down on the farm; they want to see Paree. Next to agriculture, the big drawing force is exerted by the mining and metallurgical industries of the East, for which one-third of the total number of foreign industrial workers were recruited. There it is the same story.

The French immigration policy contrasts strongly with the American. The American selection is racial; the French selection is economic. The American elimination of the unfit is carried out chiefly at Ellis Island; the French elimination chiefly in the country of origin. The American quota is fixed and arbitrary; the French have no definite quota, and in times of unemployment the minister of labor may (and does) close the frontier altogether. The American law forbids the entry of workers having a contract of employment; the French law forbids the entry of workers who do not have a contract of employment. However, one feature of the French legislation is outrageous. The unnaturalized foreign-born worker is liable to summary expulsion at any time, without notice, and without cause. Against the abuse of this authority he is absolutely powerless; and there is very strong evidence that the authority has in fact been abused.

A large proportion of the registered immigration to France since the War (perhaps a third) has been carried out through the agency of the immigration societies of the French employers. The oldest of these is the Association d'Immigration des Forges et Mines de Fer de l'Est de France, which was founded in 1911, suspended during the War, and began functioning again actively in 1922. From April, 1924, to March, 1925, it was instrumental in bringing into France no less than 11,572 workers, chiefly Italians. Thereafter, the emigration from Italy fell off markedly and the association turned its attention to Central Europe. The Société Générale d'Immigration, which was founded in 1923 to recruit workers for the coal mines of northern France and has since taken up recruiting for a number of other trades, was already operating in this territory. The applicants are looked over by the society's expert, who determines whether they are qualified for the work in question. They are also given a medical examination. The immigration societies do not stimulate migration; this is not necessary; they look over the applicants and skim off the cream. If the French immigration laws were well enforced, they could unhesitatingly be put down as superior to the American. However, there is still a good deal of laxity. The medical examination in particular is perfunctory as compared with the American.

The recent tendency of French legislation on immigration has been to relax some of the restrictions which have heretofore hampered the movement into and out of the country. Special conventions have been negotiated with Poland, Italy, Czechoslovakia, and Belgium according to which no special authorization is required for workers in one country traveling to the other in search of employment, except when the receiving country desires it. On the other hand, the laws for the internal regulation of the labor market seem likely to be strengthened rather than relaxed. Thus, the labor exchanges, which were first set up in 1925 and have not so far proved fully equal to the task of equilibrating the supply and demand of labor, would be given real power if the unemployment insurance now being advocated by Jouhaux and the General Confederation of Labor were to be adopted.

FRANCE, at any rate, is definitely committed to the task of regulating the labor market and protecting it against all enemies, domestic and foreign. Those who wish to see the world at the expense of the Comité des Forges and the other metallurgical and mining employers will probably have an increasingly difficult time.

We cannot expect the man in the Pittsburgh employment office to be very enthusiastic about the proposition that control over the recruiting of labor should be shared between employers and trade unions. When the government offers to cooperate with him in cutting down turnover, however, he can see the point of that. He admits that the French can give us pointers on a regulated market. But the man in the employment office is first of all a good American. It is part of his faith that in the end the Employer Knows Best. But—some do and some don't. Whether it is a question of housing, or protection on the job, or different wages, the violent contradictions between the best and the worst in the United States make an argument for a good deal of labor turnover at any time. The levelling influence of social legislation—levelling up, of course—and a rational organization of the labor market, would be logical first steps toward eliminating this prime cause of our greatest national waste—unemployment.

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Organizing the Labor Market

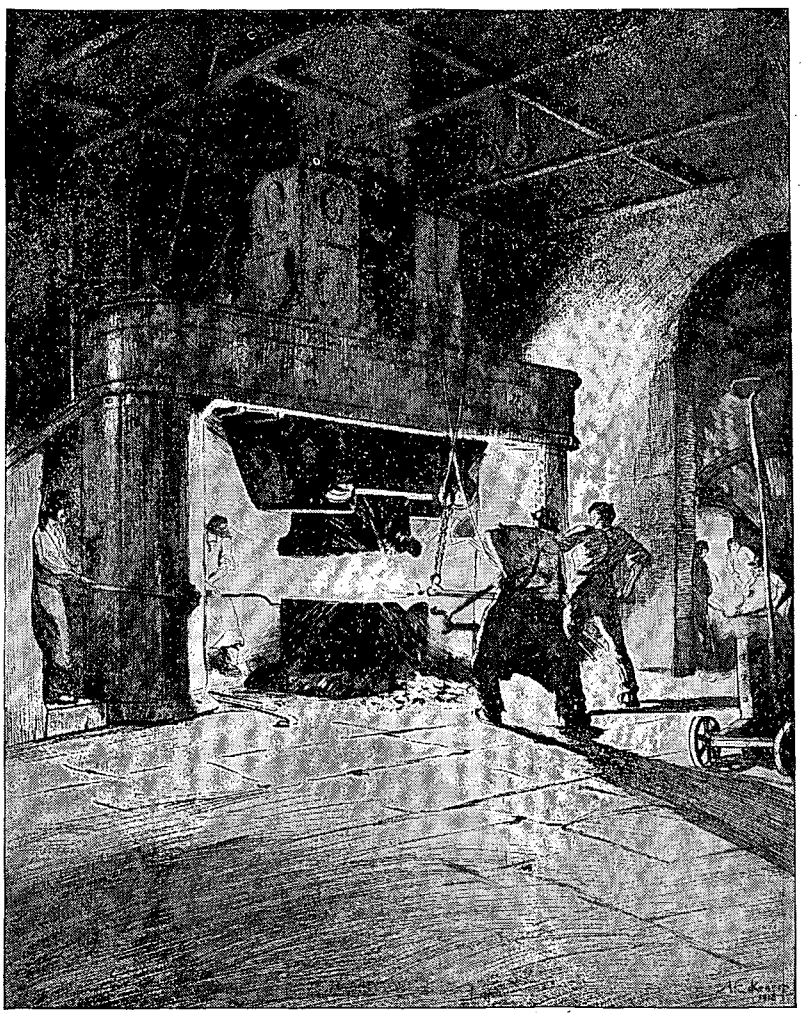
By MOLLIE RAY CARROLL

GERMANY has worked out a thoroughly effective unemployment-insurance law. How far it offers a solution of unemployment problems in the United States it is difficult to say. The Germans are among the first to insist that any solution of a social or economic problem must be designed to meet specific national conditions, not general nor ready-made. Germany herself did not try to take over the British law, but after years of experimentation, sent a group of experts to England to study the unemployment-insurance act and its administration. They were real experts, too, not persons who after six months of intensive study abroad knew more about English unemployment problems than about those of their own community.

It is hard to maintain a balance in studying the experience of other countries: either the foreigner is all right and we all wrong, or vice versa. In the present instance, the one thing as certain as the difference in language is the fundamental difference between the social institutions of the United States and Germany. We could not adopt Germany's unemployment-insurance machinery wholesale if we would. Our temper of thought and our methods of doing things make that impossible.

We Americans are a nation of individualists. Our ancestors were dissenters who left the countries of their birth because they could not or would not conform. Our political institutions, our social customs, our religious faith are founded on this fact. It gives us the pioneer, and our respect for that part of our heritage intensifies our individualism. Spiritually we are all akin to Daniel Boone, who had to move on when he saw, ten miles away, the smoke of a new neighbor's cabin, encroaching on his wilderness.

In spite of her fusion of some three hundred principalities, and in spite of her distinctions between North and South, almost as sharp as our own, Germany has a sense of unity and cohesion scarcely conceivable to us of the United States. The people think in the same terms. They have had centuries in which to know and adjust to each other. In Germany, too, there has existed for centuries the belief that national welfare is promoted by the steady advance of all members of society, even the humblest. The national mind is thus fallow field for the acceptance of institutions which give consideration to the most disadvantaged. Quite opposed to the idea that a nation advances only through the exploits of its strongest, the German point of view has been that these strongest can function to capacity only when they have a sturdy national life on which to build. To achieve this basic strength, it is deemed necessary to maintain minimum standards below which no one in the nation may fall. The gifted individual may raise himself above this level with the assurance that endurable living is ensured to all and with the possibility of making richer contribution because of this common source of strength on which to draw.



THE STEAM-HAMMER
By A. Eckener

THESE two theories then—that a nation advances through the contribution of individuals allowed free play to their own initiative, and that it goes forward in a solid phalanx—largely characterize American and German development. For the United States to try to take over the German social-insurance scheme bodily under such circumstances would be to court failure. It just would not fit. There was profound truth in the oft-repeated assertion of Samuel Gompers that we must work out "an American way of doing things."

The best German opinion respects the frank statement that we come to learn of them but not to imitate. They see the difference between them-

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selves and us, probably far more clearly than we do. The methods which they can use, marching together in close formation toward a program of general social welfare, our scattered scouting parties can hardly achieve. While we cannot adopt their methods wholesale, there is much that we can learn from them.

THEY ask us, when we talk of unemployment, how it is that last winter our estimates of unemployment in the United States were variously made at from two million to four million. What were our sources of data? Then one found oneself explaining carefully our problem of forty-eight states and the federal government and the consequent difficulties of securing uniformity. Yes, but they had eighteen different states, each jealous of its own rights; still, the sense of their own dignity and individuality did not cause them to obstruct the collection of data necessary to the control of so serious a problem as unemployment. Surely the land that discovered the business cycle and that taught Germany much about index numbers, the country of Yankee ingenuity, could devise means for securing more reliable employment figures.

To our answer that unemployment is not such a serious problem with us because, after all, our wages are high enough to allow a margin of savings to tide over unemployment, they again put courteous but searching questions. Some of our studies of wages of unskilled laborers, of workers in coal mines or in some of the textile regions, of persons engaged upon home work—which, by the way, in Germany is included within the terms of the minimum-wage laws and of all forms of social insurance—make them wonder whether our wage-rates are actually so favorable in all occupations, and especially among the least-advantaged workers. May it be that our inadequate statistics lead us to too rosy conclusions concerning general wage levels?

Gathering unemployment data in Germany, too, is not easy. Careful and regular reportings on the part of the unemployment-insurance fund, the employment exchanges, the health-insurance fund and the trade unions, are required to make the picture. Years of patient effort have been spent in building up this service. Studies of general conditions in several thousand typical industries and analyses of the business cycle aid interpretation. The great point is that intelligent cooperation of all of these sources of information has been achieved. We cannot today in the United States collect our data in the same way that Germany does hers. Social insurance and placement offices are not at hand automatically to contribute their figures. American trade unions are not organized to produce such statistics as the German labor organizations send in each month. Nor is this because our labor groups are weaker or stronger than theirs; only that they are different, each movement shaped by its background and by today's requirements. German figures are thus based not on one source but on many. Where entirely unrelated reports check each other, considerable credence may be given to the evidence they present. We, too, need to devise methods for the regular collection of information as to the state of unemployment, for one of the great lessons that German practice has for us is that sound statistics of unemployment are absolutely essential. Until we have figures on extent, duration, types and location of unemployment, our steps to master the problem are taken in the dark.

Still a further undeniable conclusion to be drawn from German experience is that employment exchanges, established locally but coordinated into a state system and knit together into a federal service, are necessary if we would intelligently deal with industrial unemployment. Their records of applications and of jobs available are the chief source of statistics of employment and unemployment. The role of the placement office, however, is not merely one of negative observation. Its positive contribution is made up of many activities. Besides matching the job seeking the man with the man seeking the job, it enlists the cooperation of employers, trade unions and the public in devising means for bringing the man and the job together and even for creating jobs when its reports show a slack. The public exchanges supervise private placement, whether a fee is charged or not, in order to prevent careless placement or positive exploitation. They include vocational-guidance divisions, not only for youths just released from school but for adults who find themselves in a job for which they are not fitted. They seek to direct labor power into channels promising steady employment rather than allowing persons to drift into moribund or overcrowded occupations. They work in close cooperation with courses for advanced occupational training and for vocational reeducation.

One of the most interesting attempts thus wisely to direct labor through the employment exchanges and its related services is found in Vienna. This city of three million inhabitants, half of the present population of Austria, but formerly the capital of an empire of sixteen or seventeen million persons, has faced post-war unemployment of greater proportions than any other community has had. How can it exist when half the population of the entire country seeks work in the capital? The balance between a manufacturing city and an area which can absorb its products, is utterly destroyed. Surrounding tariff barriers hamper trade outside Austrian territory. An unemployment-insurance law similar to Germany's has been worked out. In the administration of this law the peculiar severity of unemployment in Vienna has resulted in special emphasis upon various types of occupational training.

THE unemployed person makes application at a dignified and thoroughly well-organized employment exchange. Different types of occupation receive specialized attention. Where no work is available the applicant's card is stamped. When presented at the payment office and checked with its duplicate, this card entitles the unemployed person to draw benefit. The application for work, however, and the stamping of the card are no routine affair. Every effort is made to place the person, and the occupational divisioning of the exchange allows the development of specialized service to each person seeking a job. When the state of the labor market is such that it seems impossible ever to return people to their former jobs, vocational reeducation may be resorted to, though this course is undertaken with great caution. It is easy to overcrowd another occupation, especially in a country where every avenue of work is jammed. To take an army of jobless clerks for example, and transform them all into chauffeurs will bring a heated protest from the taxi-drivers' union.

Vienna is also trying to increase industrial skill to a point where her workers' products can compete in the world market for fine goods. As our American industries are finding world markets through standardized products, Viennese workers are seeking them through (*Continued on page* 93)

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Letters & Life

In which books, plays and people are discussed

Edited by LEON WHIPPLE

Dilemma in Our Theater

GODS OF THE LIGHTNING, *by Maxwell Anderson and Harold Nickerson. Longmans. 187 pp. Price $2.50 postpaid of Survey Graphic.*
MR. MONEYPENNY, *by Channing Pollock. Brentano. 166 pp. Price $2 postpaid of Survey Graphic.*
SINGING JAILBIRDS, *by Upton Sinclair. Published by the author. Long Beach, California. 95 pp. Price $.25 postpaid.*
THE PROBLEM PLAY, *by Ramsden Balmforth. Holt. 155 pp. Price $1.75 postpaid of Survey Graphic.*

I HAVE been pursuing plays of social criticism along Broadway. I found them by going where the crowd was not going. Ideas are not popular on Broadway, and they are short-lived. Even metropolitans have to race to these plays ere they vanish; the rest of the country sees them not at all. Gods of the Lightning, a study of the Sacco-Vanzetti case, was, I understand, warned away from Boston. Broadway and Main Street both refuse to have their complacency disturbed by demands to think, or suffer, even vicariously. Fortunately, our publishers now print these serious dramas, but plays in the library are not plays on the stage—else why have the stage?

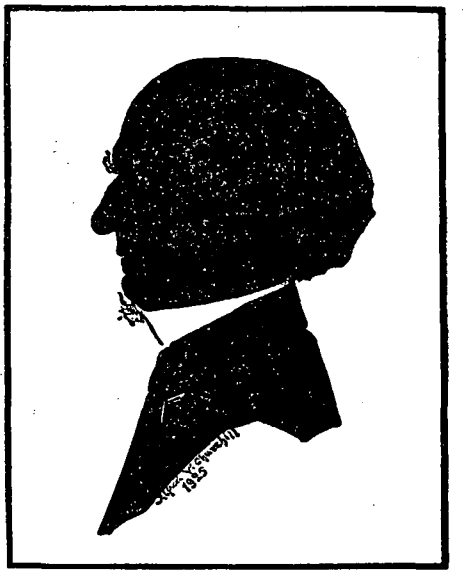
Yet in a drab season of drama, these plays of idea were the best Broadway offered. Gods of the Lightning was a tense, bitter, and moving arraignment of our society, the fiercest criticism of the judicial system ever staged in this land. Its bare outlines—the frame-up of the labor agitator and the Italian rebel dreamer, the trial, and the execution—gave the quality of high tragedy in revelatory logic and emotional purging. The heart was pierced and one felt a hatred of blind class cruelty that quite transcended the particular destinies of the doomed men. Even if you could believe them guilty, as many honest men do, the machinery of their punishment was inhuman and attained futile ends. But the real achievement of the play was its insistence on the spiritual. The tragedy arose because men's spirits challenge their environment and their times. The audience passed through that rare translation of finding the tragedy in the victors, and the victory with the dead. These men controlled one thing: their own spirit, and so were free.

From Emma Willard, Daughter of Democracy, by Alma Lutz. Houghton Mifflin Co. $4

Now here was a vital theme in modern life, told with realism and sincerity, well acted, little tainted with theatrics or sentimentality, praised by the critics—and extinguished by popular indifference. It did not even have to be censored. Every agency of a free theater served its end honestly and well save the audience. They solved all the problems by one decision—not to come.

THE cost of seats or lack of prestige does not explain this popular indifference. For Mr. Moneypenny, Channing Pollock fixed the top at $2.50; he himself has the prestige of The Fool, and The Enemy; and to his invitation performance of this jazz-morality came a rare audience—editors, the clergy, Nicholas Murray Butler, Otto Kahn, Dr. Harry Emerson Fosdick. They endorsed the play in print. But it failed. True, it is not a great play, nor in the class of Gods of the Lightning, but its spirited attack on the gold-pleasure complex is certainly needed in this day and generation. Indeed, it sounded almost political coming in the midst of a presidential campaign based on prosperity slogans. Moreover, Mr. Pollock is a good showman, so his piece zipped and clicked with staccato expressionism, spectacle, and modernity. Much of it was true and all of it good theater.

The little John Doe clerk from the suburbs sells his peace of mind and domestic tranquillity for vast wealth from a dress-suit diabolus, Mr. Moneypenny. The motif is Billions—Get the cash—Steal it, maybe. Then come neurasthenia, parasitism, and family disintegration in a gilded palace. He does win back to wiping the dishes with his wife in Floral Park, and playing with his pup, Coolidge—and that's the moral. "Happiness is a way-station between too much and too little." That is probably true, but this claim that the wages of gold is paresis is offset by the fine lives and civic virtues of many rich men these days. The realist doubts that domesticity in a



From Laurenus Clark Seelye, by Harriet Seelye Rhees. Houghton Mifflin Company. $5

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suburb is a complete answer. And what of Broadway came, agreed with the platitudes and then went out and spent twenty-seven dollars in a nightclub. In a pinch they stick by Moneypenny.

UPTON SINCLAIR'S play suffers, as many propagandist dramas do, from natural ugliness. It is laid entirely in jail where a bunch of I.W.W. sing while they suffer. One of the leaders gets in the solitary-confinement dungeon, and his tortures, visions, and decay form the burden of the play. There is a painful intensity in parts of this. It does happen; jails are brutal; the singing wobbly is a lyric note in our almost dumb world. But you cannot reform this generation by pictures of hell. They won't come to your church—and so they did not to Mr. Sinclair's. There is something negative about the class-war theme that does not hold Americans.

Yet this play illustrates one of the principal values of plays of ideas. People may laugh at your thesis, but they *learn*. They pick up inch-by-inch data on this civilization. Here, that men are beaten and stifled in jails, and that solitary confinement ends in insanity; from Gods of the Lightning that prosecutors frame up evidence to gain the prestige of convictions; from Moneypenny that if you go to fast cabarets you may run into your own children; from Wings Over Europe that science is going to make the next war infernal, or perhaps that cabinets of state are like the rest of the world—peopled with poltroons, dumbbells, lechers, good sports, and heroes. Nobody may be converted, but if the play be honest everybody gets raw material for his own picture of life.

THIS is true propaganda, and justification enough for these efforts to instruct as well as entertain us. This is why it will be worth your while to read The Problem Play by Ramsden Balmforth. He reaffirms the moral duty of the drama and agrees with Bernard Shaw that "fine art is the subtlest, the most seductive, the most effective means of propagandism in the world . . . and the art of the stage works by exhibiting examples of personal conduct made intelligible and moving to crowds of unobservant, unreflecting people to whom real life means nothing." The book shows how modern dramatists have thrown light on industrial relations, sex, marriage, and religion. It denies that the theater is for mere time-killing entertainment.

Our stage offers plays of idea, not great, but worthy and honest. They preserve the ideal, and keep the channel open for whatever Ibsen or Shaw we may discover. But what can they teach if they gain no audience, or only the audience of the already converted? The playgoer is the governor of the theater. The age produces its own drama. We produce follies and vanities.

LEON WHIPPLE

What to Read About Unemployment

By JOHN A. FITCH

READERS of this special number who want to explore further the fields here opened can find an abundance of material on various aspects of unemployment and proposed remedies. An attempt is made below to suggest some of the more important titles with particular reference to availability.

1. *Amount and causes of unemployment.* As every one knows, we have inadequate facilities for compiling information about unemployment. The United States Bureau of Labor Statistics in its Monthly Labor Review publishes every month an index of employment in manufacturing industries and on steam railroads. These figures go back to 1923. Recently the bureau has added monthly figures of employment in coal mining, public utilities and wholesale and retail trade. Similar information for manufacturing is published by the labor departments of ten states. These figures show changes in number employed, but they do not constitute an index of unemployment since we cannot assume that when employment declines in these activities all the persons released are necessarily out of work. However, these figures do throw a good deal of light on the labor market.

As to the actual amount of unemployment over any given time, we have to depend on estimates. Bulletin 310 of the United States Bureau of Labor Statistics, published in 1922, stated that one and one-half million persons are constantly unemployed in the United States. Hornell Hart, in his study entitled Fluctuations in Unemployment in Cities of the United States, 1902-1917 (studies for the Trounstine Foundation, 1918. 25 cents), estimated that a million persons were out of work even at the height of labor demand during the War, a figure which is quoted with approval in the chapter on unemployment in Waste in Industry, published by the Committee on the Elimination of Waste of the Federated American Engineering Societies.

2. *Employment as a remedy for unemployment.* It is obvious that the only complete and satisfactory remedy for unemployment is a job. Consequently we should be concerned about regularization of seasonal industries, about the establishment of employment offices to help the unemployed man to find a job and about planning of public work in such a way as to take up the slack when private industry is running in low gear.

a. *Regularization.* The most complete work on this subject is Herman Feldman's Regularization of Employment (Harper, 1925, $3.50). The same subject is dealt with somewhat more briefly but very excellently in a book by Lewisohn, Draper, Commons and Lescohier, Can Business Prevent Unemployment (Knopf, 1925, $2.00). A brief explanation of regularization and its methods is to be found in a paper entitled Progress in Regularizing Employment by Percy S. Brown, then president of the Taylor Society, on page 352 of the 1926 Proceedings of the National Conference of Social Work.

b. *Employment Offices.* One argument in favor of public employment offices is that the private fee-charging agencies cannot be counted upon to do the job properly. The shortcomings of these agencies are discussed by John B. Andrews in an article in the American Labor Legislation Review for December, 1928. Other statements of the case against the private agencies are to be found in very vigorous dissenting opinions in two cases decided by the Supreme Court of the United States—Adams vs. Tanner, 244 U. S. 590 (1917) and Ribnik vs. McBride, 48 Sup. Ct. 545 (May 28, 1928).

For a discussion of the importance and value of public employment agencies, see Business Cycles and Unemployment (1923)—Chapter 14—by Shelby M. Harrison, and the extended treatment of the whole subject by Harrison and Associates in their book Public Employment Offices, published by Russell Sage Foundation in 1924 ($3.50).

c. *Long-range planning of public works.* Mallery, Reviving Private Industry Through Public Works, in Bulletin 311, United States Bureau of Labor Statistics; also Chapter 14 in Business Cycles and Unemployment; Andrews, Public Works as Agencies of Control; a chapter in Edie, Stabilizing of Business (Macmillan, 1923, $2.50). For a more recent and very valuable survey of the whole question see F. G. Dickinson, Public Construction and Cyclical Unemployment—The Annals (supplement) 1928.

3. *Compensation as a remedy for unemployment.*

a. Trade Union Benefits, Business Cycles and Unemployment, Chapter 17, by John B. Andrews; Monthly Labor Review of the United States Bureau of Labor Statistics, March, 1928, page 17; American Labor Year Book (1926), pages 136-7.

b. Joint Plans and Establishment Funds, Monthly Labor Review of the United States Bureau of Labor Statistics, April, 1924, pages 152-174; July, 1924, pages 8-32; March, 1928, pages 19-23.

c. Compulsory Unemployment Insurance under the Auspices of the State.

(1) The German System: Monthly Labor Review October, 1927; December, 1928; Felix Morley, Security for Eighteen Million Workers, The Survey, March 1, 1928, page 66.

(2) Great Britain: J. L. Cohen, Insurance Against Unemployment (1921). Astor and others, Unemployment Insurance in Great Britain (1925); Morley, Unemployment Relief in Great Britain (Houghton Mifflin, 1924, $2.00); National Industrial Conference Board, Research Report No. 51, Unemployment Insurance in Theory and Practice (1922).

(3) United States: John R. Commons, Unemployment—Compensation and Prevention, The Survey, October 1, 1921; also chapter entitled Unemployment—Prevention and Insurance, in Edie, Stabilization of Business (1923).

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AMERICAN EXPERIMENTS WITH UNEMPLOYMENT INSURANCE

(*Continued from page* 59)

The managements of several of the company plans are positive that they have secured substantial results from their schemes by way of regularization. They assert that these experiments were undertaken largely as a means of self-discipline in stabilization, that therefore the benefits paid, especially in the case of the employment-guarantee plans, are no measure of their efficacy but rather that low benefit figures indicate progress towards stability of employment. The responsibility of protecting employes against unemployment "has sharpened the wits of the management and the selling forces" of one company on the whole question of regularization. Another reports that the sales force is followed more closely, and naturally has increased its efficiency. Unemployment compensation is characterized as "a primary force" or "a strong spur" or "the greatest aid" towards stabilization. The two paper manufacturing concerns, which by the nature of the industry, have a higher degree of regularity than the average, accorded the plan a somewhat lesser role. The Crocker-McElwain Company felt that it had contributed towards stabilization of the employed force, but not of the production flow. The John A. Manning management attributed their degree of stabilization to other measures than unemployment compensation.

Here we are dealing with the intangible, unless data are available to permit comparison of the degree of employment stability before and after the plan's inception. Results favorable or otherwise could not be attributed, of course, entirely to the plan. General prosperity might bring a steady stream of demand that would make stabilized employment easy of achievement regardless of the existence of any such instrument. On the other hand, acute depression, or the advent of some new mechanical device, or the sudden fruition of long striving towards greater managerial efficiency, might force a shrinkage in employment despite the plan. So many factors might contribute to any employment situation as to make isolation of the influence of any one of them quite impossible, but we would at least discern whether there had been any change in the degree of employment stability since the plan's inception that would permit an inference in either direction. The statistical by-product of these schemes is discussed below.

HAVE the plans been productive of greater mobility of labor as between occupations and industries? There is less opportunity for this kind of regularizing effort in the company schemes but progress was reported in several instances.

The joint-agreement plans cover large numbers of firms and give opportunity for the promotion of inter-plant mobility. The ladies' garment industry in New York, however, did not have a central employment exchange as recommended by Governor Smith's Advisory Commission, and lacking such an agency little could be accomplished. Indeed the Chicago men's clothing plan seems to have had the only well-organized employment exchange under the joint agreements. The piece-work system in vogue in the Chicago clothing factories proved a barrier to mobility. The worker having acquired a certain speed and level of earnings often feared that in another plant he would find the work done differently, requiring time to learn, and that a loss in earnings for some weeks would result. The necessity of accepting any alternative employment classed as "suitable," or of being stricken from the benefit list, was usually sufficient to overcome this inertia. The plan brought to employers the realization that retention of employes on part time and unnecessary additions to staff made avoidable inroads on their unemployment funds, and they became steadily more favorable to an organized labor mobility. Conditions in the Chicago clothing market favored these efforts because of the existence of two different branches of the industry—the ready-made and the special-order shops with alternating busy seasons. Mobility of employes between them was somewhat hampered, however, by their different methods of production.

It should be added that the plan also served to deter unnecessary movement of labor disadvantageous to both parties. Employes had been accustomed to quit the factory in large numbers in a slack period and look for employment in other plants, often discovering that other shops were also slack. With the resumption of activity they had to find new jobs and the employer was compelled to break in new workers. As unemployment pay is not granted for time lost through voluntary quitting, the employes are acquiring the habit of retaining their jobs unless they learn from the employment exchange that other opportunities are available.

Industrial unemployment insurance in the United States may well look to industrial pensions for some indication of the course of development. That movement has more than a quarter century of experience in America, and opinion and, in some measure, practice appear to trend towards the following, among other standards:

(1) contributions by employers and employes and the return of contributions to the parties in case of withdrawal before benefit; (2) contributions to be made currently with and adequate for the liability assumed in order to build up a fund available and sufficient to meet the risk when incurred; (3) entire segregation of the fund from the business of the employer and the employes association, and its control by a board of trustees; (4) careful record keeping to provide a factual basis for the forecasting of future experience.

Pension systems were set up by managements as one method in a general policy of stabilizing the labor force, eliminating workers rendered inefficient by advanced age and sometimes as deterrents against strikes. Company unemployment-compensation plans have been adopted for much the same reasons and no doubt they will be used for the same or similar ends. The pension is a shock absorber in the retirement of the aged worker and the unemployment benefit will be used to cushion reductions in staff due to greater efficiency, reorganizations, and mergers. The pension scheme makes provision for life for permanent staff reductions on account of age and often for disability, but unemployment compensation cannot give life payments to retrenched employes. If they are too old for re-training and further employment, compensation for the period to the retirement age might properly be assessed against the unemployment fund. Afterward they should be carried on the pension roll. Incidentally, in the absence of unemployment provision, staff reductions have often brought employes under the retirement age upon the pension list, and several retirement plans have been heavily burdened with technological unemployment costs.

The solution for unemployment compensation appears to lie in the dismissal wage. It recognizes the industry's responsibility to the employe for a period deemed sufficient for readjustment to another occupation, and puts definite limits on that obligation. The existing provisions seem to have disregarded it almost entirely. Obviously, they did not contemplate the shrinkage in manufacturing employment despite mounting production that has occurred since 1920. The few plants covered by unemployment compensation include some of the country's most progressive managements, and they would be among the first to adopt improved methods. Several of them have found it necessary to release employes accordingly, and while the industries have sustained losses because of the obsolescence and replacement of equipment, they stand to gain ultimately through their greater efficiency while the employes are paying the price of progress. Depreciation reserves to cover the capital loss were probably available, but the income of the workers was not similarly insured. Informal arrangements providing a dismissal wage were effected in some instances, but surely the employe needs—and common interest demands—formal insurance of his purchasing power as well.

PROVISION for employes released would prove, no doubt, a costly factor in unemployment compensation, and here another analogy may be drawn between pension and unemployment-compensation practice. Pension costs have been greatly reduced by the denial in most cases of any benefit, except their own contributions usually with interest in contributory schemes, to employes withdrawing before the retirement age, no matter how long they have served. Similarly, the unemployment funds have escaped higher costs by making no provision for employes dismissed other than two weeks' pay in lieu of notice in a few plans. Unemployment in the (*Continued on page* 75)

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EVERYBODY—the poorer he is, the more so—dreams about the things he would do for other people, as well as for himself, if he were rich. The hungry mouths he would feed, the ragged backs he would clothe, the hovels he would change into better shelters. Not so common is the ambition to furnish new interior decoration and general inspiration for human lives, human minds, human souls. It has long been my pipe-dream to find some people—already I know enough of them to put a strain on the largest endowment—who have led more or less dull, drab lives, and send them out on travels. The kind of travels that everybody dreams of but can't afford. There is nothing in the world so refreshing to weary souls as to go abroad and see other peoples, places and things.

I have just been writing to a friend of mine into whose lap has fallen a legacy of a few thousand dollars; more money than he ever had in one piece in his life. Not enough to guarantee the old age of himself and his wife; but enough for both of them to go round the world. Enough anyway to take one of the many tours arranged by people who are in that business: through the Mediterranean and up the Nile, to the Land of the Midnight Sun, around the Panama Canal—where you will.

"It would knock anywhere from twenty to a hundred years off your age and your wife's and give you a new background against which to see life." So I wrote to him the other day.

If I had the money, and my enthusiasm for this idea stood the strain of my own more selfish intentions, I would send a lot of such people hither and yon in all directions, leaving it to them upon their return to resume their lives and adjust themselves to everyday conditions as they have been doing all these years before somebody gave them a ladder with which to climb the beanstalk for a little while.

* * *

Lots of people are going abroad this summer to attend conferences, see art galleries, hear music and otherwise improve their mental furnishings. Wherever they may go they will be surrounded by places and things of historic interest to which they can journey by rail, by boat, by bus or on foot. Any spare time, from a couple of hours to a couple of weeks, can be used for mental adventure. Every travel agency has the material for planning such trips. As I have said before, you can go around the world and come back no richer than you went; foot-sore and mind weary. Or, if you apply your brains and enthusiasm to it, you can make even a short journey a source of refreshment and draw dividends on the investment all the rest of your life. It all depends on how you go about it.

* * *

AMERICAN visitors to Spain this year will have the opportunity of taking in the expositions at Barcelona and Seville, which will open in April and May respectively. The Seville fair is known as the Ibero-American Exposition and is devoted solely to exhibits of Spain and Portugal and the countries of the American continents.

At both expositions, much attention will be devoted to the human or personal side of life, as contrasted with the less colorful and interesting exhibits of the average fair. The historical exhibits will be especially prominent, and will include Spanish folklore, dress, textile art, and home life of the past and present. The period of Spanish colonization in America and its impress upon our national culture, will be well covered. Modern and ancient works of art and handcraft will be featured, and the exhibitions of graphic arts will be the most ambitious yet attempted. Town planning and municipal works will be featured. The American government will be represented by complete and elaborate exhibits, particularly at Seville, where $700,000 has been expended by us.

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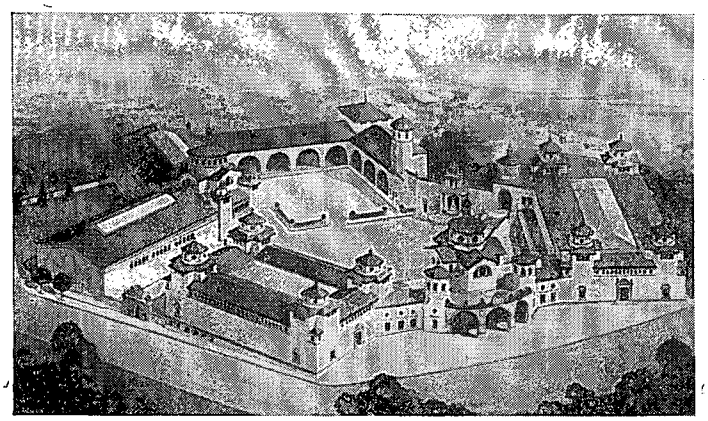
At Barcelona an area of twenty thousand square metres will be devoted to "Spanish People," a collection of typical buildings and expressions of rural life in various ages. Here there will be pageants and spectacles, such as tournaments of knights, village band competitions, Ampurdan couplets, typical fairs of various regions, festivals, dress processions, and rustic sports. There will also be an immense amphitheater devoted to a Greek Theater.

The sailings of the Spanish Royal Mail Line, direct from New York to Spanish ports, have been arranged to meet the opening dates of the two international expositions and to maintain regular direct service on luxurious liners throughout the year. The expositions will be open until the end of 1929, if not longer.



Palace of Agriculture at the Barcelona exposition, Spain

Calendar of Events

March 23—April 20—Historical Exposition of Fascism. Milan, Italy.

April 15— " 18—Shakespeare's Birthday Festival. Stratford, England.

" 16— " 27—Better Housing and Housekeeping Exhibition. Hull, England.

" 21—Music Festival directed by Furtwangler. Heidelberg, Germany.

" 23—Festival of Flowers. Florence, Italy.

" 25—Music Festival. Scarborough, England.

May 1—May 31—Delphic Festival—drama, games, exhibits, music, folk dancing. Delphi, Greece.

" 2—Folk Museum and Dalsgaard Painting Exhibit. Soro, Denmark.

" 7—Ibero-American International Exposition. Seville, Spain.

" 7, 14, 21, 28—Carillon Concerts. Mons, Belgium.

" 8—May 13—Congress German Psychologists. Vienna, Austria.

" 15—Dec. —International Exposition. Barcelona, Spain.

" 16—Aug. 1—Midnight Sun Visible. North Cape, Norway.

" 18—20 (inclus.)—Medical Congress on Ear Diseases. Danzig.

" 19—June 19—Art Exhibition in Palace of Fine Arts. Liege, Belgium.

June 28—Opera Season opens at Covent Garden. London, England.

July —A course in household economics will be given by Professor Benjamin R. Andrews for American teachers, in London, under auspices of Teachers' College.

" 25—Aug. 4—Third biennial Conference of Federation of Education Associations. Geneva, Switzerland.

" 30— " 14—In celebration of the twenty-first anniversary of Great Britain's Boy Scouts, an international "jamboree" will be held in Birkenhead (near Liverpool), England.

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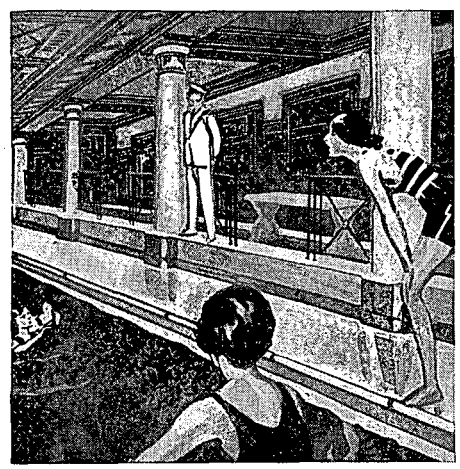

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(*Continued from page* 71) form of short time is rarely compensated under the company plans. Generally there must be complete lay-off, and in so far as unemployment can be made to take the form of short-time or permanent release, compensation can be avoided. There is evidence of a development of pension opinion in favor of a deferred annuity for the withdrawing employe based on the salary earned in the whole period. Perhaps industrial unemployment compensation will ultimately provide a dismissal wage on the same basis.

Unemployment benefits are further delimited. The existing plans provide that employes shall not be eligible for participation until they have served probationary periods varying from three months in the Leeds and Northrup plan to five years in the Crocker-McElwain scheme. Inevitably the managements will seek to avoid compensation payments by confining unemployment to the members of the force. In this the plans may only have given point to earlier practice for the seniority principle has operated widely to give older employes a surer hold on their jobs than is granted to newcomers. Some of the firms that have established plans frankly admit that effort is directed to the concentration of unemployment on the probationers, and in some cases at least a considerable measure of success has been achieved. This policy is bound to be in high favor with those eligible for benefit who constitute the majority of the staff and a sounding of employes' opinion—so often advocated as one method of evaluating the effectiveness of various industrial-relations measures—would result, no doubt, in an overwhelming vote for the plan. One wonders, however, if the young newcomer, aspiring to a steady job with some of these firms, does not reflect somewhat bitterly at times on the new cooperation between capital and labor.

PENSIONS began as non-contributory schemes, but are being made over on the contributory basis largely because of the high costs. The unemployment hazard in very many of our industries is such that, if any considerable progress is to be made towards its adequate compensation, both sides must contribute. On the other hand, if the employer is required to bear the entire cost the incentive to regularization will be greater. Choice as between the contributory and non-contributory principles should be made only after careful weighing of the importance of the two considerations in the industry.

Pension administrators have begun to realize that they must build up a reserve sufficient to provide the annuity at retirement so unemployment funds must accumulate against the various recurring contingencies of unemployment. Only four of the ten company plans have established funds; benefits are paid from current revenues. If any adequate provision against unemployment is to be made, reserves must be set up and carried as a liability. There have been instances in pension history when funds unsegregated from those of the corporation have disappeared in the sale or bankruptcy of the concern and the pension promises of the management have not been fulfilled. Employes cannot have complete confidence in any such fund unless it is vested in trustees charged with investment and disbursement according to definite rules. These principles have been observed in the company plans by Leeds and Northrup but to a greater extent in the joint-agreement schemes.

Finally, unemployment compensation is dealing with a risk much more difficult of measurement than old age: pension plans have begun to maintain records of age, length of service, withdrawals, and deaths of employes, to afford the actuarial data necessary for proper provision against pension costs. The company schemes of unemployment compensation have accomplished comparatively little in this regard. The data of chief importance are the man hours worked in each pay period and, although these figures can be easily secured, only a minority of the firms are keeping such a record. These data should be had not only for the work force as a whole, but the various units and departments, the principal operations and by sex. Unless the statistics are broken down in these ways, a downward trend in one section of the force may be offset by an up-trend in another and no proper diagnosis of the firm's employment situation will be available. And, of course, there should be a separate curve of overtime man hours to indicate to what extent overtime is being used to prevent staff increase.

Nor is that sufficient. The information necessary for intelli-

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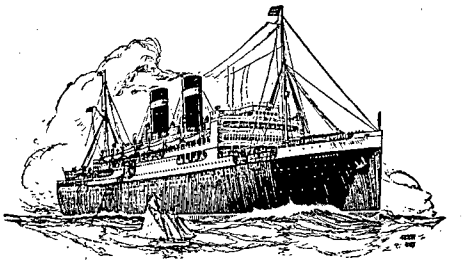

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gent direction of preventive effort includes an individual record of every employe, showing the actual hours worked, straight time and overtime in each pay period, the hours of involuntary unemployment and its form, whether short time or lay-off in each instance. Analysis of the records will indicate the incidence of unemployment in the different classes and types of employes, and the centers of concentration of unemployment benefit, for these forms should also record the benefit payments. Any proper understanding of the degree of continuity of employment afforded the individual members of the force is impossible apart from such records, since a large proportion of terminations for individual employes may accompany a level employment curve. Of all the plans, that of the Amalgamated Clothing Workers seems to have given most attention to the statistical phases of administering unemployment compensation, and to have come nearest to meeting these requirements.

WE must remember that we are examining the tiny cotyledons of a new species, not the full-grown plant. Yet, if unemployment compensation is to survive, it must adapt itself to the conditions and forces encountered by similar varieties. Any adequate measure of compensation means higher costs and no matter how efficient the management it must recognize, unless it enjoys a monopoly, that there are limits to the handicap a business can give its competitors. The Amalgamated Clothing Workers were constantly reminded of this after the adoption of the Chicago scheme. Salesmen in other markets were quick to tell the buyers that Chicago could not pay employes when they did not work and give the same quality for the same price. The answer was the extension of the plan to New York and Rochester. Obviously, if industry is to make headway with unemployment compensation, the whole industry must cooperate. Those in which trade unions share control with management will have special problems. If the union is strong enough it will be tempted to take possession of the fund and majority rule may force policies and methods that will soon bring insolvency. Insurance is a technical business and pension history has not a few instances when the rank and file, mistaking accumulations for surplus instead of reserves against maturing liabilities, have forced lower contributions or higher benefits with disastrous results. Only well-led and -disciplined unions can withstand such a popular movement in the hands of an aspiring politician.

Insurance schemes are long-term projects. They have no proper place in the plans of a labor organization still in the militant stage of its existence and liable to be compelled to surrender its plan in return for some concession vital to its survival. Nor should they be adopted by a dominant faction in the face of strong opposition; the rise of the left wing in the garment industries in the years 1923-26 well-nigh strangled the unemployment-compensation experiments of the clothing unions. The Amalgamated Clothing Workers' plan was established in Chicago in 1923 before the left wave had mounted high and Chicago has never countenanced the lefts. They waited the subsidence of the wave before extending to Rochester and New York. The Ladies' Garment Workers' plan in New York was established in 1924, when the anti-administration forces had gathered strength. The scheme soon went into the discard when the left faction assumed control.

Trusteeing of the fund safeguards against favoritism in benefit distribution and hasty revision of the rules. The seasoned labor leader, knowing the forces that operate in his organization, may generally be expected to favor a bi-partisan board of trustees rather than complete union control of funds.

The promoters of unemployment compensation in America may be guilty of some rationalizing as to the reasons for its adoption, its development and results, but they are well aware that the few existing plans have marked limitations. The company-plan managements are practically unanimous in their desire to see these experiments extended to other establishments. If they were beginning again after this experience, they would not hesitate to introduce unemployment compensation in their plants. But surely it is significant that a majority of the firms with company schemes favor some form of unemployment-insurance legislation. In their view it cannot be left to the slow process of voluntary acceptance by industry, and a majority of the trade-union experimenters in the field agree.

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BRITAIN'S EXPERIENCE

(*Continued from page* 62)

It should be frankly acknowledged that demoralization of the worker is bound to result from prolonged idleness. On all sides, from the thoughtful as well as the thoughtless, one hears that large numbers of British workers are becoming demoralized. In the London Times of today [January 12], remarks of J. H. Thomas are summarized: "There was a moral obligation on every one, he pointed out, to try and stamp out the problem of unemployment of which he daily saw the demoralizing effect. It did not matter how strong was a man's character or however cultured and determined he might be, if he was destined to be out of work week after week, month after month, and it got into years, not only did he lose aptitude for work, but he was influenced by the environment into which he was driven every day. It was this breaking of the manhood and womanhood that they must all do their best to prevent."

I have traveled from Land's End to John o' Groat's the past weeks, visiting industrial establishments. I feel more and more that it is simply burying one's head in the sand not to acknowledge the demoralization of many British workers. But it is surely unfair to attribute their demoralization to unemployment insurance when it is obviously caused by unemployment.

The many problems are not solved. As one of the leading English periodicals says, "Heavy unemployment—how inadequate is such a phrase to convey a sense of the paralytic horror of South Wales!" With idle labor stagnating there and in other parts of England, Great Britain cannot permit herself to become cold to the importance of a radically constructive program for giving work in preference to paying jobless workers, necessary as a certain amount of such provision may always be.

There is no one panacea. Transferrence, training, emigration, public works—all these and more measures must be carried on simultaneously. It is not too much to hope that employers and employes and all political parties will put their combined intelligence and effort on the solution of this great problem, regardless of class and party affiliation.

The Blanesburgh Commission pointed out that "in dealing with these problems there is room for acute difference of opinion." Perhaps the most encouraging feature of Great Britain's experience with a compulsory state-wide unemployment-insurance scheme is her constant recognition of divergent viewpoints and her desire to try compromises and modifications, convinced of the rightness of her general policy and the wisdom of avoiding rigidity in procedure.

When all is said and done, countries which have *not* established an inclusive method of caring for the unemployed owe to England a great debt. While she has the courage to try one method after another in modifying her original plans, other countries will have the benefit of her unparalleled experience when they start to build from the bottom up.

UNEMPLOYMENT, 1929

(*Continued from page* 10)

Today this conception of unemployment—as essentially an industrial problem resulting from intermittent demand for labor—still prevails. But the displacement of labor resulting from the growth of prosperity tends to bring about conditions which make the older view true again. A surplus of labor more or less permanently unemployed is being developed, consisting of the less efficient, less adaptable and more unemployable whom the community must support through taxes or through private charity, because they can find no place in industry.

Is this what we must look forward to? If we allow matters to drift, no doubt this is the prospect. But there is plenty of evidence that it is possible to control industrial development to make such a condition unnecessary.

If workers are rendered obsolete by improved methods and machinery, then why is not an obsolescence charge for labor as legitimate a cost of industry as obsolescence depreciations for machinery and other equipment, which is a common item

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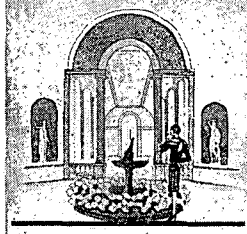

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in the accounting of rapidly changing industries? Already a number of foresighted employers have established unemployment funds out of profits laid by for rainy days for labor, as they lay by a surplus out of which dividends may be paid in bad years. And several unions have forced such unemployment funds on their industries.

If improvements are made too rapidly for the displaced labor to be absorbed in other industries, then may it not be sensible to make the introduction of the improvements more gradual, just as industries delay discarding expensive machinery until it is well worn out before replacing it with the latest inventions? And where this is not desirable, should not the burden of maintaining and re-training the displaced labor, until it can be reabsorbed, be borne by industry as a whole rather than by the individual workers?

While unemployment in 1929 and in the immediate years to come is likely to be primarily a problem of prosperity, it is not inevitable that we shall look forward to a permanent and increasing army of surplus unemployed and unemployable labor living on the charity of the community. The remedies for this and other kinds of unemployment are now well known. We need but the will as a nation to undertake and to develop them, and to stimulate private industry to do its part in sharing the risks of unemployment as we have made it share the risks of occupational injuries. Perhaps industry will develop a Security Next movement as energetic as its Safety First campaign, when it has to face its responsibility for unemployment as it does for accidents.

RECENT EMPLOYMENT MOVEMENTS
(*Continued from page* 18)

on the New York stock exchange—more than twice as much as in either 1920 or 1923.

The number of real-estate transfers has also increased since 1920. It is obvious that expenditures for neither stocks nor real estate create many jobs. On the other hand, some of the shifts in spending have created many new jobs. Behind the rapid increases in the number of building tradesmen, teachers, telephone employes, and life-insurance agents is the fact that since 1920 the country has approximately doubled its expenditures for their products. It is these spectacular shifts in the nation's expenditures which make the employment problem of today primarily one of *shifts* in the demand for labor rather than of *shrinkage* in the number of jobs.

Nevertheless large and rapid shifts in the demand for labor, even though not accompanied by a net decrease in the total number of jobs, may create serious unemployment in some occupations and in some regions. Indeed, being thrown out of work by a permanent decrease in the staff is often more burdensome than being thrown out by a seasonal or a cyclical slump. In the latter cases the workman is often fairly certain that within a few months he will again be needed by his old employer and that he will soon be back at his old job. He is without *work,* but he does not necessarily regard himself as without a *job* or without an *employer.* But the man who is dismissed because of a permanent reduction of staff is without both work and a job. He must find a new employer, possibly in a new industry, and often in another city.

Permanent staff reductions are especially disastrous for the oldest and the least efficient men—the very ones whom enterprises are most likely to lay off and who are most likely to experience difficulty in obtaining work. It is not surprising, therefore, that there has been much complaint during the last several years concerning unemployment among older men. All of this has an important bearing on the problem of old-age pensions. A man who loses his regular job and who, on account of his age, must struggle along with intermittent employment at low wages is likely to use up, ten or fifteen years earlier than he intended, the savings which he accumulated against old age. Not because he has failed to save, but because market shifts or technical changes have deprived him of steady work ten or fifteen years before the normal age of retirement, he may find himself destitute at sixty or sixty-five. In view of the fact that market shifts or industrial progress, from which the rest of the community profits, are partly responsible for this destitution, the community has a peculiarly strong

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obligation to provide these men with a pension. The greater the shifts in demand and the more rapid the rate of technilogical change, the more acute is the need for old-age pensions.

But the problems created by employment shifts are by no means confined to the older workers. Any man who is displaced because the number of jobs in his occupation or industry is shrinking, is likely to have trouble in finding work that he is especially well qualified to do. His difficulty is likely to be enhanced by the fact that the shifts in employment are regional as well as occupational and industrial. Jobs which he could well fill may be available but they may be so far away that he does not learn of them. The following table, however, showing the changes in the number of factory wage earners between 1919 and 1925 and in the farm population ten years of age and over between 1920 and 1925, indicates the unevenness of the regional changes in these industries.

	Factory wage earners 1919-1925	Per cent of change	Farm population 10 years of age and over, 1920-1925	Per cent of change
New England.....	—229,173	—17.0	+ 19,076	+ 3.7
Middle Atlantic...	—381,614	—13.3	— 82,806	— 5.5
East North Central	— 53,819	— 2.3	—314,674	— 8.3
West North Central	— 46,815	— 9.4	—177,704	— 4.6
South Atlantic....	+ 21,622	+ 2.7	—524,149	—11.4
East South Central	+ 26,769	+ 8.1	—387,672	—10.3
West South Central	— 20,084	— 7.0	—325,440	— 8.6
Mountain	— 8,842	— 8.1	—108,828	—12.7
Pacific	— 20,155	— 4.6	+ 13,225	+ 1.6

Five-sevenths of the decrease in factory employment, it will be observed, occurred in the New England and Middle Atlantic states. These states, however, contained only 47 per cent of the total factory wage-earners in 1919. Nearly two-thirds of the decrease in farm population occurred in the South. It will be observed also that factory employment *increased* in the South Central states and farm population increased in New England and in the Pacific states. The figures by industries and states would show a still more spotted distribution of employment changes. The flour industry, for example, has been decreasing in Minneapolis and increasing in Buffalo, Kansas City, and St. Louis; cotton manufacturing has been diminishing in New England since 1921, but growing in the South; the coal industry has been declining in Illinois, Indiana, Iowa, Ohio, and Pennsylvania, but expanding rapidly in Kentucky, Virginia, and West Virginia. Farming is increasing in the Dakotas, Nebraska, Kansas, Oklahoma, Texas, and Colorado.

The uneven regional distribution of occupational changes indicates the need for an efficient national organization of the labor market. The need is as urgent as was, until a few years ago, the need for efficient organizations to distribute railroad cars or credit. Again and again one section of the country suffered from lack of cars or credit, while others had surplus supplies. Shippers' advisory boards and the Federal Reserve Bank have ended regional car and credit shortages. Some employers are opposed to any arrangement which increases the mobility of labor. But the economic justification for improving the mobility of labor is precisely the same as the justification for improving the mobility of credit or of freight cars. If it is legitimate for the government, through the agency of the Federal Reserve Banks, to create a national market for certain varieties of commercial paper, it is equally legitimate for the government to assist in creating a national market for labor.

WINTER BUILDING

(*Continued from page* 38)

equitable temperature is maintained by the same salamanders used in the protection of brick work in steel buildings. The concrete for each floor is then poured and within a few days takes its chemical set. Then these forms and canvas protections are moved up to the succeeding floor. Thus the building goes up steadily floor by floor and, as in the steel and brick buildings, the brick walls are laid behind winter protection. Once the building is enclosed, the interior work and finishing are quickly and easily done.

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.....

.....

S

tion. Steadily throughout the present winter the huge towers of one of the world's greatest bridges are being erected along the North River. Its great abutments and superstructure are suffering little if any delay from the biting winds and cold blasts that sweep down the Hudson River.

The buyer of buildings or investor in construction projects may properly say, "This is all very interesting, but what does it profit me to depart from established custom in laying out my construction program?"

First, there is the broad interest that all business men have in a steady and sustained volume of business and buying power throughout the year. There is no question that if the seasonal variation in the employment of the mechanic, builder, architect and material manufacturer were obviated, this turnover of capital would be more evenly distributed through the year; and, also, in all probability the many orders for furniture, equipment, etc., that inevitably flow from new construction.

Such an appeal, however, is rather broad, especially to the hardfisted investor. There are more specific reasons that make it desirable to plan to carry on many projects through the winter. It is almost a standing criticism of builders that homes and apartments promised for occupancy on a given date are not ready, with a serious loss of good-will and, more important, loss of income to the investor. If, instead of starting such buildings in the traditional spring season, they were commenced in the early fall with winter construction, such expensive delays and disappointments would be avoided.

AGAIN in manufacturing lines the bulk of production comes in spring or summer months for fall and Christmas trade. To start a factory or an extension in the spring means that the investment in building, plant and equipment brings little return until the following year. Let this same manufacturer commence his new building in the early fall and he is then sure of immediate return on his investment in the spring.

Similarly, many highroads and bridges commenced in the spring lie practically idle during the following winter. Begun in the fall they would have been opened in the spring for the heavy summer traffic and use, thus furthering sooner the prosperity of the communities they link together.

Turning to rural districts, there is no question that if farmers, as a class, would concentrate on the advantages of making in the winter months practically all changes, extensions and improvements to their farm buildings, silos, and even houses, they would be able to provide considerably more employment for floating farm labor. In this way, they could retain, as a nucleus of a permanent organization, the better class of these floaters, with benefit to farming efficiency and cost.

The real extension of this principle to rural districts would include the small towns and communities, which form the business centers of farming countries. Here the winter construction of store extensions, warehouses, freight depots and other similar works would retain for that particular community, through the dull months, a desirable class of labor that now drifts to other sections or to the larger cities. Doubtless local banks and loaning institutions would form a desirable medium for education and campaigning along these lines, with great benefit to themselves and also to the local merchants.

Even this superficial examination of the advantages of winter construction shows that in every direction individuals and communities would derive financial and social benefit from consistent planning for better distribution of employment.

If this is so under present conditions, how much more imperative it is to broaden out and equalize construction activities when one visions future possibilities. Each year, as the succeeding wave of construction rolls higher and higher, many feel that the tide must turn, that the following year must show a lessening volume, with a gradual recession to more "normal conditions." As a matter of fact, to many of us the country is really at the commencement of a new era in standards of living in the home, the office and the factory. Each year will see a larger and larger replacement of antiquated buildings by structures conforming to new ideals of comfort and beauty.

Our larger cities show areas of tenement houses and remodeled dwellings that are of necessity only temporary expedients. Either through public authorities or by large groups of capital, under satisfactory regulation, broad and comprehensive replacement of our (*Continued on page* 82)

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(*Continued from page* 80) tenement districts will be undertaken. Advanced architects and builders are already beyond the visionary stage in the planning of moderate-priced dwellings erected on a quantity-production basis at a low cost.

Then, again, in many of our larger centers, like New York and Chicago, the traffic problem is an evil whose cure engenders further extension of the trouble—for as new transit lines are planned, their routes are lined with new buildings, ready to create additional congestion. One of the many aids to this problem will undoubtedly lie in replacing old and dilapidated warehouses, lofts and office buildings by new residence centers adjacent to the modern office and factory—changes already evidenced in New York by such "downtown" dwelling sections as Tudor City.

A further step is easily visioned. Either the upper floors of our present office buildings will be remodeled, or these buildings themselves will be replaced by still more gigantic structures in which the upper floors will contain suites of apartments and rooms for executives and higher-salaried employes. In the morning these men will descend by elevator to the street or to a transfer level, there to take another elevator to their office in the same building—a final elimination of traffic.

A contemplation of even a few such extensions of the building activities of this country makes more and more impressive the duty and necessity to eliminate, as far as possible, seasonal employment, to distribute evenly through the year the buying power and purchase demand of the great army employed in this work; also, to distribute more evenly the returns on the large investments now so frequently idle during the winter.

How little has been accomplished in a comprehensive way becomes strikingly apparent when even casual inquiry is made as to the statistics, literature and planned campaigns for winter construction.

We have at the head of our government for the next four years, a man who has an appreciation of this problem. It now remains for those vitally and directly concerned to avail themselves of this sympathetic and understanding attitude at Washington, to plan and carry out with either governmental cooperation or supervision a broad, comprehensive and coordinated campaign for winter construction, and the equalization of building activities throughout the year.

A BALANCE WHEEL OF GOLD

(*Continued from page* 24)

were beginning to be labor shortages. As 1923 began, these tendencies were accentuated. It was a typical prosperity phase of the business cycle and was paving the way for a period of readjustment, depression, and unemployment. Under these circumstances the Reserve System took steps calculated to limit over-expansion. Government securities were sold, taking funds out of the market, and discount rates were increased. Federal Reserve action was simultaneous with precautionary measures taken by other agencies. Whatever may have been the causes, the expansion subsided without serious immediate consequences, though there was some period of readjustment and some unemployment, particularly in 1924. The readjustment was without doubt much briefer and the unemployment less severe than it would have been had the expansion gone further.

When it became clear in late 1923 that business was declining and unemployment was perhaps in prospect, the Reserve System reversed its policy, purchasing securities to make funds more readily available, and reducing discount rates. The result was low rates for money. In the autumn of 1924, business began a very rapid recovery from depression, aided in part by Federal Reserve policy, and by the beginning of 1925 there was again full employment.

In fact, by the beginning of 1925, speculation had become so vigorous and business so active that the Reserve System sold $250,000,000 of securities and the discount rate of the New York Reserve Bank was advanced in order to retard speculative tendencies.

During the balance of 1925 and during the year 1926, years of relative stability and a good volume of business activity, the Reserve System took little (*Continued on page* 84)

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In 1899 something new was born, not only the first in America, but the first in the world. It was Cook County's Juvenile Court, a revolutionary event in the judicial world, not because of legislation, but because of the formal recognition of the offending child as "neglected and dependent" rather than criminal. The movement has grown until it stands today as one of the remarkable developments in jurisprudence of the century. But how does it function and whom does it touch? Is the thirty-year old celebrant an accepted member of judicial society or are there still those who look down on it as an upstart, an illegitimate offshoot of the regular court? What philosophy lies back of it and how prevalent is the juvenile court in this country?

The most thorough discussion of the question is to be found in H. H. Lou's JUVENILE COURTS IN THE UNITED STATES. It is highly commended by Bernard Flexner, Sophonisba Breckinridge, Charles L. Chute, Henry W. Thurston, Hastings Hart, Katherine Lenroot, Ernest W. Burgess, Harry Hill (of the Cook County Court). Price, $3.00.

The tablie of contents includes: Philosophy of the Juvenile Court—History of the Court—The Juvenile Court System—Extent of Jurisdiction—Organization—Process Before Hearing (Social Investigation)—Court Hearings—Methods of Treatment—Juvenile Court and Community Future of the Court with bibliography and case citations.

Can They Come Back from "Over the Hill"

Must they all be herded together—the paupers, idiots, criminal insane, illegitimate children, and the harmless aged? Do they have to go on what Evans righly calls the "human dumping grounds" like so many empty sardine tins? Or is there some other way to solve the problem of human incompetents and helpless ones? Many believe so.

Virginia thinks of better ways—already district homes have been created to replace gradually the out-dated county home, and one county in North Carolina has begun what may be a really significant solution—the hospital-home, with a competent nursing staff, and regular paid social service to "patients" placed in private homes.

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A goodly sum—more than ever has been raised before through this medium—and more than the *Times* set as a minimum if its program was to be carried out. "The sum," we read further, "was distributed among seven agencies." Which means that *social workers* have the administration of the funds. And this particular sum is only a pin head in comparison with the hundreds of thousands contributed each year annually by individuals and institutions. Let us look into the matter.

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These and other important queries are raised and coolly answered by Sydnor H. Walker in SOCIAL WORK AND THE TRAINING OF SOCIAL WORKERS, particularly commended by Neva Deardorff and others as informed. $2.00.

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(*Continued from page* 82) positive action, except for increases of discount rates in late 1925 and early 1926 when speculation was very active.

In 1927 there arose some tendency for business to decline and there was some threat of unemployment. These domestic conditions happened to coincide with a threatened serious stringency in world money markets because gold was flowing steadily to the United States. World commodity prices had been declining for more than two years. In an attempt to relieve this situation somewhat, the Reserve Banks purchased securities and reduced their discount rates. The threatened unemployment was not wholly avoided during the winter of 1927-28, due in part to a moderate business recession and in part to the continuous movement toward greater efficiency in manufacturing plants which led to the release of some workers. But this unemployment proved short-lived and, as 1928 advanced, business activity was resumed and employment conditions improved. Similarly the world credit situation was relieved from the threatened stringency and was again in a strong position. Commodity prices recovered from the extreme low point of the summer of 1927.

But the low money rates of 1927—while they probably aided in avoiding serious business depression and unemployment and in avoiding a world monetary stringency—had the effect of stimulating speculation in securities and, as 1928 advanced, speculative activity was resumed on a grand scale. Thousands of people all over the country became convinced that security prices would rise continuously. Many neglected their business to speculate in securities. It was an exhibition of the same kind of psychology as has appeared from time to time in history, from John Law's Mississippi Bubble to the Florida real-estate boom. History has taught that these speculations leave in their wake a train of wreckage.

The Federal Reserve System faced the problem of attempting to retard the pace of speculation without penalizing legitimate business. For whenever the Reserve System exerts its influence towards higher money rates, the results are felt not only by speculators but by every one who borrows money. The policy of 1928 had to be something of a compromise between a rigorous restriction of credit for speculative uses and the provision of adequate supplies of funds for business. The extent of the success of this policy is yet to be seen. Money rates have indeed been dear for speculation but comparatively reasonable for business and agriculture. But it still remains to be seen whether this speculative movement can pass without the usual wreckage.

This, in brief, and without any of the qualifications and subtleties which any complete discussion would involve, is the record of Federal Reserve action for the past seven years in relation to the general credit and business situation. Just how important the influence of the Reserve System has been in retarding speculative booms and in relieving business depression and unemployment, no one can say. Economic causes and effects are always so blurred by a multitude and variety of influences that no single cause can be segregated and the experience up to this time is not sufficient for any sweeping generalization.

But it may safely be asserted that the Reserve System has been a powerful force toward business stability and toward the stability of employment. The Reserve System has been lauded for its aid in the return of Europe to the gold standard and to monetary stability. It has been lauded for its prevention of money panics. But over a long term of years it seems reasonable to expect that more important than either of these may be its influence toward leveling out the booms and depressions which in past times have brought with them so much of human unhappiness and distress.

HOW UNEMPLOYMENT STRIKES HOME

(*Continued from page* 53)

helping them make adjustments when the changes come in. It is no wonder that the man out of a job doesn't see, as do the economists and engineers, the ultimate effect of technological progress. He only knows that a machine is taking his place. The sentiment of a group of workers at a neighborhood club was that labor-saving machinery is the workers' worst

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enemy. "It certainly is. I had a cousin who worked in D.'s checking bills. They got in adding machines and three girls got laid off. They had to learn the shoe business." "K. & E.'s bought rug machines and laid off a hundred people. Six girls took the place of a hundred." "One girl had to take the place of three, running a machine at R.'s mill. If she doesn't like it she can get out." "It used to take four days to load a boat. Now a machine loads it in nine hours with only one man working."

Also outside the workers' control are the ups and downs of business enterprise which close or merge plants, and accentuating his difficulties is the very proficiency he achieves over a period of years at some one process or machine. Once he is dislocated from it, he may have no more than a common laborer's footing in seeking some other job.

The Harkin "boys," aged thirty-six and forty, live around the corner from a Philadelphia settlement in a ricketty little four-room house where their queer old mother keeps house for them. Bennie, the oldest, is a humpback, and a friendly, cheerful, little man. He started work in a glass works where he "carried in" for fifteen dollars a week for seven years. When this place closed down it took him only a week to find a job in another glass works which six months later closed too. Bennie took himself out of town and later was working in a motor works. Here he stayed tending the same drill press for ten years at eighteen dollars a week. The last two years there were changes in machinery and work was slack, but they kept Bennie on. Finally there was a complete reorganization and the boss had to tell Bennie to go. Bennie says that the boss almost cried and said, "I'd almost sooner see myself be laid off than you." "That," Bennie went on, "was last winter and I was off six months. The boss sent for me last summer. I worked seven weeks and then the factory slacked up again and now it's been eight months since I ain't workin'."

ANOTHER day his sister told the rest of their story. With the help of her brothers through the years, she has supported a family of six children by scrubbing. "It wouldn't be so bad if they weren't such worrisome boys," she said, "but Joseph never shuts his mouth about getting a job. Bennie says he talks in his sleep about it. You see it's because they were such steady workers that they worry so. I never knew them to be discharged out of a place. It always closed down. Joseph was put in a home after our father died, and the last two years they put him to work in a brush factory for $3.50 a week. They saved his money for him and when he come out he had two or three hundred dollars, so he made a place for my mother. He was eighteen then. Right away he got himself a job at a worsted mill at $16.40 a week. He worked for twelve years at that same mill, taking care of the same machinery at the same money; till the last two years he got raised to $18.75. He worked at that place till it closed down. It took him two months to get in another worsted mill, but he worked at this next one for four years till that closed down last year. Then he was eighteen months out of work—I thought he'd go insane, always running the feet off him looking. He took his money out of building and loan, and what with connivin' and not eating very much, it managed to last them over till he got work again. Of course he couldn't help me or Mamie's family; but when they had it, them two boys certainly always gave it to us. And with all that, when Joseph was working he never let a week go over his head without putting away two dollars. Thank God he's working again now. He got this through studyin' the papers. We seen the ad about a mill out in the country wanting night work, and he run over there and got the job. I said the other day, 'Say Joe, you'd oughta buy yourself a suit. You look awful.' He says, 'Oh, this'll do me a good spell yet, but I guess I'd better get Bennie one between this and Easter.' You see Bennie always did like to keep hisself neat and respectable and he's such a looking sight now. Yes, them boys never gave this neighborhood five minutes trouble."

The instances cited give only a glimpse of the field which the settlement study is exploring. We are gathering our testimony from neighbors and from neighborhood workers who know the tenements of New York, the textile districts of Philadelphia, the automobile center of Detroit, the stockyards of Chicago, the steel district about Pittsburgh, the longshoremen

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of the ports. It is not our purpose to show how business depressions can be prevented, how seasonal work may be straightened out, or technological changes adjusted; but to show in human terms why these things are worth the doing. Our commission is to mass the serious consequences we are conscious of in the lives of the people about us in ways that will help raise the question whether much unemployment cannot and should not be prevented. And back of that question another: whether the burden of such unemployment as may be a necessary part of our changing industrial life, and over which the workers have little or no control, should be allowed to continue to fall most heavily on those least able to bear it and with results so devastating.

UNEMPLOYMENT WITHIN EMPLOYMENT

(*Continued from page* 40)

withheld until the slump actually hit the trade. The new and inexpensive line of goods was then offered to the market. As a result, this mill has been operating both day and night during practically the entire textile depression.

The moment one begins to forecast, one discovers the bearing of diversification on the study of the employment curve. Such diversification must be both geographical and by varieties of product. It frequently happens that one section of the country is down when another section is enjoying prosperity. It is also necessary to diversify the line so that if the demand for one article falls off one is prepared to turn out a larger supply of something else for which there is a market at the moment.

The practice of scientific management in the last analysis involves first of all a fundamental change in attitude. Workers and employers alike must cease to regard unemployment as an act of God and recognize that breaks in continuous employment constitute an indictment of men and management.

The employers of the country have only recently begun to think in terms of the annual income of their employes—as contrasted with hourly or weekly rates—having been led to this by the requirements of the income tax for a listing of employes by yearly incomes. It has come as a shock to many employers to realize the difference between a theoretical annual return based on the hourly rate and the actual income received by the worker.

There are many causes that keep us from reaching our theoretical level of accomplishment that will never be disclosed in the atmosphere of doubt and distrust which permeates even the best of our industrial establishments. In this I am referring quite as much to the more or less obvious shortcomings of management as I am to those subtle failures of the workers resulting in large part from labor's long and gruelling struggle with their employers.

Perhaps an illustration will clarify this. Men in the electrical industry recognize that the demand for power in the typical industrial establishment reaches its maximum between 9 and 10 o'clock in the morning and then falls off rapidly until the noon hour. The afternoon peak which is reached about 3 o'clock is not usually as high as the morning peak. Theoretically, of course, the demand for power should reach a certain level within a short time—say thirty minutes—after the opening hours and remain at or near this level throughout the day. There are manufacturing plants where this is approximately true, as, for instance, at Mr. Ford's Dearborn and Rouge River establishments. But they are exceptional. Electrical engineers as a class are apt to attribute the fact that the morning peak falls rapidly until noon to fatigue or soldiering or sabotage according to their social outlook. But practically every electrical engineer finds the cause for this unevenness of demand for industrial power in the attitude of the workers. As I once explained to Mr. Gompers, old-line electrical men see in this load curve "a mathematical expression of the cussedness of labor."

When Gifford Pinchot was governor of Pennsylvania, he appointed a committee made up of representatives of the commonwealth, the electrical industry, labor, and the manufacturers of electrical equipment, to study this subject. Charles J. Russell, the able vice-president of the Philadelphia Electric Company, was chairman of the committee. The resulting in-

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vestigation confirmed the facts as to the fluctuating demand for power in industrial establishments. No explanation for this curve was put forward. But any adequate machinery through which workers and employers might join in working out cause and effect is wholly lacking. The piece-rate system undoubtedly has a marked effect upon the curve. Fatigue also is a factor. But I believe that at least one-half of the responsibility for this tremendous waste would be found to lie at the door of management. There remains here an opportunity for research that would yield enormous returns in dollars and cents and at the same time show conclusively the need for close understanding between management and men if American industries are to gain the goals of efficiency and economy already in sight.

In the absence of the facts, opinions may differ as to the relative importance of losses due to that type of unemployment contemplated by the phrase "unemployment within employment," on the one hand, and that which grows out of broader industrial dislocations on the other. But certainly employers and workers who are led to study the causes of discontinuity in a single establishment will take more and more interest in those national and international relationships which in war and peace keep us from the chance to work, and when having work to do keep us from working at our highest efficiency.

Unemployment must be classed with war and disease and ignorance as one of the master handicaps of the race, and yet the study of its underlying causes has hardly begun. I agree with those who feel that its ultimate control will be brought about largely through the technique and attitude found useful in bringing one plant after another to the level of the highest possible continuity of service—both the establishment as a whole and each individual associated with it.

PROSPERITY RESERVES

(*Continued from page* 26)

had dammed back public works as non-essentials. The cities had conserved their borrowing power. The period of the great tide of public works was the period of business revival. Public works were not the sole cause, but started other activity; courage and confidence revived.

A change in public psychology brings a change in conduct. Henry S. Dennison, president of the Dennison Manufacturing Company, put this clearly before the Senate Committee on Commerce: "When the merchant is saying, 'By golly, we can't buy freely,' and is cutting his orders; when the manufacturer finds his inventories piling up and says, 'At this rate we shall be wiped out,' and stops buying; just at this time the announcement of a Public Works Reserve may encourage new buying all along the line. For new consumer purchasing power is sure to follow. A million dollars started in circulation at such a time is worth probably ten millions. Every man reemployed pays up his bills—let us say, to the grocer, who is a little freer and buys not so closely as before. Every contractor who gets orders and can place them directly with the mill makes it possible for the mill to do and to dare what it could not do with the whole business world as tight as it gets during a depression."

So public work need not employ all the unemployed but only a few in order to lay the foundation for the upward movement. Beginning farther back in the business cycle, if the peak of the boom is kept from soaring, the fall will not be to as low a level.

Meanwhile how big a fellow is this public-works chap? Are we sending a boy to do a man's work? The income of the United States as a going concern is about ninety billion dollars. A 10 per cent industrial depression would be a drop of nine billions. All construction is about seven billions. Public works is about one-quarter to one-third of all construction.[1] If public works were doubled in a year of depression, the increase would therefore fill one-fifth to one-fourth of the hole made by a 10 per cent industrial depression. So even according to a purely mechanical theory of the business (*Continued on page* 90)

[1] See Department of Commerce Year Book of 1926, the Commercial & Financial Chronicle, reports of municipal bond sales, the Engineering News Records, reports of contracts let.

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(*Continued from page* 87) cycle, now out of date, public works are an important factor. Such a ratio of increase is possible, for it was achieved in 1921 under the leadership of the President's Conference on Unemployment, when sales of municipal bonds for public work doubled.

Would a Prosperity Reserve diminish so-called technological unemployment—the displacement of workers by labor-saving machinery and more efficient management? This is supposed to be a primary cause for the drop of 600,000 persons from factory pay-rolls since 1920. Agriculture is getting along with 650,000 less persons, and mining with 100,000 less. On the other hand, during the same period there have been large increases in the numbers employed in transportation and communication (902,000) domestic and personal service (761,000), distribution (691,000). The Prosperity Reserve would not arrest technological unemployment or the shift to new occupations, but might tide people over temporarily while seeking adjustment. For instance, in a year of rapidly decreasing factory employment for technological reasons, the release of the reserve would increase employment directly in cement, steel, transportation, retail distribution and so on, and indirectly by the amount of its general purchasing power exerted upon all commodities and services. It would be a temporary refuge in the middle of the street until the traffic signal shows green for general employment. A displaced factory worker might get one of the jobs created by the reserve—for instance, as truck driver—while he makes his adjustment to, let us say, radio aerial fixer.

THE Prosperity Reserve principle has for years been supported by such bodies as the Philadelphia and Seattle Chambers of Commerce, by resolutions of the American Federation of Labor, by party platforms, and by its active proponents, the American Engineering Council, the Associated General Contractors of America, the American Association for Labor Legislation. Since he presided, as secretary of commerce, over the Conference on Unemployment of 1921, Mr. Hoover has never failed to lend a helping hand. At his request, Governor Brewster, of Maine, urged upon the Conference of Governors in Louisiana the formation of a construction reserve by each state.

Without the states and cities, the federal government is powerless to stabilize, for their combined volume of public works is ten times as great as that of the federal government. Lacking a definite policy or control, they can overbalance any sound position the federal government may take. The states, for instance, control the timing of the national road-building program. Although the federal government gives them aid of about dollar for dollar on major highways, each state decides whether it will take its share in equal amounts each year, or more some years than others.

For the cities, the long-term city plan is an anchor to windward. It holds well-laid plans which can be quickly used when a depression arrives—plans that will avoid choosing a makeshift and wasteful project. A depression may be used as a good lever to put over basic improvements long delayed and badly needed.

Cash reserves by cities and states are not desirable. Credit reserves are better because they release credits in bad times when they are a tonic to trade. If, on the contrary, large municipal bond sales are made in boom times, instead of a tonic they are a heavy pastry piled in on top of an already gluttonous gorge of private credit, and may be the final precipitant of economic illness. What commonly happens is that a city exhausts its borrowing power during boom times and has little credit reserve when bad times come.

Mr. Hoover in 1923 undertook to avert a building boom and the depression inevitably to follow. He sent a public letter to President Harding suggesting, in view of the great activity in private construction, that as little public work as possible be undertaken. Federal public work was already at an agreed minimum. The apparent intention was to warn the building industry and prospective builders that the pot was already seething to overflowing. The effect of the letter was the postponement of a large amount of private construction. The halt in the rise in volume of municipal bond sales for public work, which occurred at the same time, was probably not due to this warning, for municipal authorities generally are not yet aware of their responsibilities as part of the nation's economic defense. However, in this instance private construction alone was able to accomplish much. Private building operators who postponed work until 1924, a year of business recession, first avoided adding to the high peak of 1923 and then filled in the depression of 1924, thus stabilizing at both ends the building industry, its twenty-seven tributary industries and the general economic situation.

This is a happy example of the principle embodied in the Jones bill, of exciting far wider consequences than can be detected in the text of any law. The Prosperity Reserve had become general prosperity insurance. The public was unaware that trouble had been averted. Why then have any legislation if the act of a public official may have such results? Because it is unsafe to depend upon the whim or the economic education of successive federal officials. Also Con-

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gress has, and ought to have, a say in any appropriation policy and the whole subject should be aired and fought out there. Federal legislation should give in advance a national signal so that all can move synchronically. As a traffic signal, a go-ahead order, the Jones bill is a big step forward.

With such an example as the doubling of public-works bonds sales in 1921, why has not greater progress been made? Why is it that after ten years of effort, when 1927 unemployment was almost half as great as in 1921, no special effort can be reported by New York, Chicago, Philadelphia, Detroit, Boston, San Francisco? Why is it that California, with an Emergency Public Works Commission, made no use of it? Professor F. G. Dickinson of the University of Illinois reports these facts, and that in general in the first half of 1928, in spite of many attempts to persuade public officials, there was no appreciable result. New York State responded to the request of Governor Smith and increased its hard-road contracts from $19,000,000 in the first half of 1927 to $26,300,000 in the corresponding period of 1928. Contracts for public buildings in New York State, not so subject to quick changes, fell off from eleven and three-quarter millions to eight millions. The result was that even in New York State, where an energetic and convinced attempt was suddenly made, the net increase was only 8 per cent, or less than the average 10 per cent increase of the whole country for the same period, which cannot be attributed to this policy.[1]

1928 was not a year of depression, yet the experience of New York State is proof that a public-works program cannot be suddenly improvised except under exceptional conditions. A fire department must be formed before the fire breaks out. A Prosperity Reserve must be created in advance, as the Jones and Wagner bills provide. The experience of Philadelphia is a case in point. An influential Chamber of Commerce committee wanted public work advanced early in 1928. A large bond issue was to be voted on by the people in sixty days, yet all the efforts failed to find a short cut to begin work before the vote. In years of employment, councilmanic leaders had occasionally found legal ways of doing this, but unemployment was not a strong enough motive to overcome the inertia inherent in government.

THIS reveals the weakest point of the Prosperity Reserve. It will not get votes. City officials are not dependent upon long-term results for holding their jobs as business executives are. A Prosperity Reserve may make more secure the jobs of citizens but not of the official, whose successor may reap the political advantage. Spending public money is good politics at one time; economy is better at others. These times may not coincide with the need to stabilize employment. Consequently we cannot expect all public officials to dive into the Prosperity Reserve like boys into the old swimming hole. They will have to be pushed gradually into it by the pressure of business and banking opinion. Bankers, by nature and habit take a long view of affairs. A sound banker plans in order that his bank and his companies may not lose next year what they made this year. Stability is his middle name. The technique of working out the Prosperity Reserve is a challenge to good banking brains.

Federal leadership is needed. Hundreds of isolated banks used to be helpless in panics before the Federal Reserve Board was created. Every panic was a proof that a central reserve was needed, yet it required a dozen panics and several generations to achieve this essential reform. The Prosperity Reserve is no different, only simpler. Perhaps it has too many polite friends. If opponents would call its advocates horse thieves and bolshevists, it might speed up action.

The goal is worthwhile. Leadership and devoted followers are needed. Mississippi floods and epidemics have not brought more misery and destruction in their wake than have periods of unemployment. The dark specter of joblessness stalks before a million homes. The fear of it is imbedded in the subconscious mind, and this fear explains conduct otherwise inexplicable. Every depression is a strain on our institutions and our system. American business should never again wait for the referee's count of nine before struggling to its feet. The time of prosperity is the time for preparation.

[1] Engineering News Record gives public works for the whole country at first half of 1927, $604,000,000; first half of 1928, $665,000,000.

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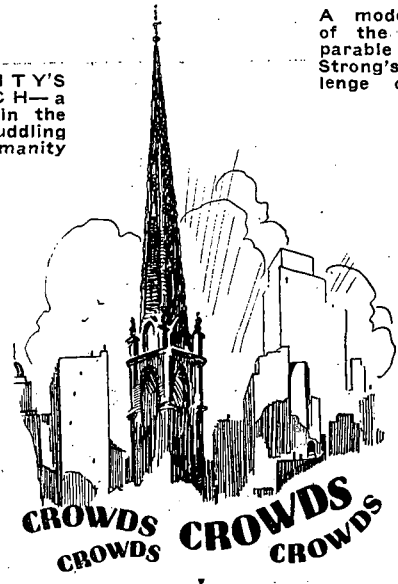

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THE CHILDREN'S VILLAGE, INCORPORATED—Dobbs-Ferry-on-Hudson, New York. A national, non-sectarian training school scientifically equipped for the study. education and development of problem boys and girls, on commitment and by private arrangement—ages 7 to 16. Supported largely by voluntary contributions. For further information address Leon C. Faulkner, Managing Director.

COUNCIL ON ADULT EDUCATION FOR THE FOREIGN - BORN—280 Madison Avenue, New York. Community organization and clearing-house for education and citizenship among the foreign-born. Publishes bulletins and serves as counselling agency. Chairman, John H. Finley; Treasurer, William H. Woodin; Secretary, Robert T. Hill.

COUNCIL OF WOMEN FOR HOME MISSIONS—105 East 22nd St., New York. Composed of the national women's home mission boards of the United States and Canada. Purpose: to unify effort by consultation and cooperation in action, and to represent Protestant church women in such national movements as they desire to promote interdenominationally.

Florence E. Quinlan, Executive Secretary. Migrant Work, Laura H. Parker, Secretary. Religious Work for Indian Schools, Helen M. Brickman, Director.

Women's interdenominational groups—state and local—are promoted.

EYE SIGHT CONSERVATION COUNCIL OF AMERICA—L. W. Wallace, President; Guy A. Henry, General-Director, Times Bldg., New York. Conducts a national educational campaign to promote eye hygiene. Urges correction of eye defects, protection against hazards, proper lighting. Comprehensive publications—lantern slides—lecture material. Cooperation of social agencies invited.

FEDERAL COUNCIL OF THE CHURCHES OF CHRIST IN AMERICA—Constituted by 28 Protestant communions. Rev. C. S. Macfarland and Rev. S. M. Cavert, Gen. Sec's; 105 E. 22nd Street, New York City.

Dept. of Research and Education, Rev. F. E. Johnson, Sec'y.

Commissions: Church and Social Service, Rev. W. M. Tippy, Sec'y; International Justice and Goodwill: Rev. S. L. Gulick, Sec'y; Church and Race Relations: Dr. G. E. Haynes, Sec'y.

One Goal

IF you could achieve only one ideal in social welfare, which would you choose?

After an evening meeting at a conference of social work, in that expansive hour at the shank of the day, a group of social workers asked themselves that question. One of them would have every man and woman "health conscious," another suggested education for matrimony, the most universal profession. But the one who caught the crowd wanted a steady job for every man; and more—an interesting job.

If that were achieved, much of our social work would be unnecessary. Social agency after social agency would close its doors. Many of the organizations listed here would go out of existence; they would disappear from these pages.

Under those conditions, and those only, would Survey Graphic be willing to part company with them.

FOUNDATION FOR STUDY OF PROHIBITION AND THE NEGRO—H. J. Mason, Director, Research and Publicity. M. W. Dogan, President; I. Garland Penn, Founder. Wiley College, Marshall, Texas.

HUDSON GUILD—436 West 27th Street, Dr. John L. Elliott, head worker. Non-sectarian neighborhood house; organized to make effective in the community better ways of living and working together thru co-operative effort. Social, educational, recreational activities for men, women, and children. Health Work; Athletics; Neighborhood Theatre; Mental Hygiene clinic. Supported by voluntary contributions and memberships.

NATIONAL ASSOCIATION OF TRAVELERS AID SOCIETIES—25 West 43rd Street, New York. Marcus L. Bell, President; Sherrard Ewing, General Director; Miss Harriet E. Anderson, Director of Field Work. Represents co-operative efforts of member Societies in extending chain of service points and in improving standards of work. Supported by the Societies, supplemented by gifts from interested individuals.

NATIONAL COUNCIL, CHURCH MISSION OF HELP—27 West 25th St., New York. Agency of the Episcopal Church dealing with problems of unadjusted youth through social case work method. Seventeen units have been established, maintaining staffs of trained case workers in nine states.

NATIONAL BOARD OF THE YOUNG WOMEN'S CHRISTIAN ASSOCIATIONS—Mrs. Robert E. Speer, president; Miss Anna V. Rice, General Secretary; Miss Emma Hirth, Miss Helen A. Davis, Associate Secretaries; 600 Lexington Avenue, New York City. This organization maintains a staff of executive and traveling secretaries for advisory work in the United States in 1,034 local Y. W. C. A.'s on behalf of the industrial, business, student, foreign born, Indian, colored and younger girls. It has 103 American secretaries at work in 16 centers in the Orient, Latin America and Europe.

NATIONAL CHILD LABOR COMMITTEE—Wiley H. Swift, acting general secretary, 215 Fourth Avenue, New York. To improve child labor legislation; to conduct investigation in local communities; to advise on administration; to furnish information. Annual membership, $2, $5, $10, $25 and $100 includes monthly publication, "The American Child."

NATIONAL CHILD WELFARE ASSOCIATION INC. (est. 1912, incorp. 1914), 70 Fifth Ave., N.Y.C. (tel. Algonquin 9690). Promotes as its chief object the building of character in the children of America through the harmonious development of their bodies. minds, and spirits. Its method is, in co-operation with other organizations, to originate and disseminate educational material in the form of posters, books, bulletins, charts, slides, and insignia. Through its "Knighthood of Youth" it provides homes, schools and church schools with a method of character training through actual practice. Officers: Dr. John H. Finley, Pres.; Charles F. Powlison, Gen. Sec'y.

THE NATIONAL COMMITTEE FOR MENTAL HYGIENE, INC—Dr. William H. Welch, honorary president; Dr. Charles P. Emerson, president; Dr. Frankwood E. Williams, medical director; Dr. Clarence J. D'Alton, executive assistant; Clifford W. Beers, secretary; 370 Seventh Avenue, New York City. Pamphlets on mental hygiene, mental and nervous disorders, feebleminded-ness, epilepsy, inebrity, delinquency, and other mental problems in human behavior, education, industry, psychiatric social service, etc. "Mental Hygiene," quarterly, $3.00 a year; "Mental Hygiene Bulletin" monthly, $1.00 a year.

NATIONAL COMMITTEE ON VISITING TEACHERS—8 West 40th St., New York. H. W. Nudd, Chairman; Jane F. Culbert, Sec'y. Maintains field staff for advisory service. Recommends candidates for positions and awards fellowships.

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DIRECTORY OF SOCIAL AGENCIES

NATIONAL CONFERENCE OF SOCIAL WORK—Porter R. Lee, president, New York, N. Y.; Howard R. Knight, sec'y, 277 E. Long St., Columbus, Ohio. The conference is an organization to discuss the principles of humanitarian effort and to increase the efficiency of social service agencies. Each year it holds an annual meeting, publishes in permanent form the Proceedings of the meeting, and issues a quarterly Bulletin. The fifty-sixth annual meeting of the Conference will be held in San Francisco, California from June 26th to July 3rd, 1929. Proceedings are sent free of charge to all members upon payment of a membership fee of five dollars.

NATIONAL CONGRESS OF PARENTS AND TEACHERS— Mrs. S. M. N. Marrs, President. Mrs. A. C. Watkins, Executive Secretary, 1201 Sixteenth Street, N. W., Washington, D. C. To develop cooperation between home and school, and an informed public opinion which will secure highest advantages for all children.

NATIONAL HEALTH CIRCLE FOR COLORED PEOPLE, Inc.—370 Seventh Avenue, New York City. Col. Theodore Roosevelt, Honorary President; Dr. Jesse E. Mooreland, Pres.; Dr. George C. Booth, Treasurer; Miss Belle Davis, Executive Secretary.
To organize public opinion and support for health work among colored people.
To create and stimulate health consciousness and responsibility among the colored people in their own health problems.
To recruit, help educate and place young colored women in public health work.
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NATIONAL SOCIETY FOR THE PREVENTION OF BLINDNESS—Lewis H. Carris, Managing Director; Mrs. Winifred Hathaway, Associate Director; B. Franklin Royer, M.D., Medical Director; Eleanor P. Brown, Secretary, 370 Seventh Avenue, New York. Studies scientific advances in medical and pedagogical knowledge and disseminates practical information as to ways of preventing blindness and conserving sight. Literature, exhibits, lantern slides, lectures, charts and co-operation in sight-saving projects available on request.

NATIONAL FEDERATION OF DAY NURSERIES—Mrs. Hermann Biggs, President. Purpose to disseminate knowledge to all nurseries. Office, 105 East 22nd St., New York City.

THE NATIONAL TRAINING SCHOOL FOR INSTITUTION EXECUTIVES AND OTHER WORKERS— At the Children's Village, Dobbs-Ferry-on-Hudson, New York. To furnish adequate training to properly qualified people wishing to engage in, or already engaged in, institution work. Provides opportunity for carefully guided study in all phases of institution management and activities. Aims to furnish a trained personnel for child caring Institutions. The first and only school of its kind in the country. For further information address Leon C. Faulkner, Managing Director.

NATIONAL URBAN LEAGUE—For social service among Negroes. L. Hollingsworth Wood, pres.; Eugene Kinckle Jones, exec. sec'y; 17 Madison Ave., New York. Establishes committees of white and colored people to work out community problems. Trains Negro social workers. Publishes "Opportunity"—a "journal of Negro life."

NATIONAL WOMAN'S CHRISTIAN TEMPERANCE UNION—Mrs. Ella A. Boole, president; Headquarters, 1730 Chicago Avenue, Evanston, Illinois. To secure effective enforcement of the Eighteenth Amendment, to advance the welfare of the American people through the department of Child Welfare, Economies of Prohibition, Social Morality, Scientific Temperance Instruction, Racial Groups, and other allied fields of endeavor. Official publication: "The Union Signal" published at Headquarters.

PLAYGROUND AND RECREATION ASSOCIATION OF AMERICA — 315 Fourth Ave., New York City. Joseph Lee, president; H. S. Braucher, secretary. To bring to every boy and girl and citizen of America an adequate opportunity for wholesome, happy play and recreation. Playgrounds, community centers, swimming pools, athletics, music, drama, camping, home play, are all means to this end.

RUSSELL SAGE FOUNDATION—For the Improvement of Living Conditions—John M. Glenn, dir.; 130 E. 22nd St., New York. Departments: Charity Organization. Delinquency and Penology, Industrial Studies, Library, Recreation, Remedial Loans, Statistics, Surveys and Exhibits. The publications of the Russell Sage Foundation offer to the public in practical and inexpensive form some of the most important results of its work. Catalogue sent upon request.

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ORGANIZING THE LABOR MARKET

(*Continued from page 68*)

specialties. For example, there are too many shoemakers in Vienna; but exquisite Viennese leather goods are known everywhere. So courses are given unemployed shoemakers to teach them the finest workmanship in leather. There is a special training school for waiters and hotel and restaurant employes. There are, of course, classes for those just learning the trade; but they are quite separate from the advanced courses. In the latter, languages are taught and the refinements of skill that make the Austrian waiter desirable all over the world. Semi-skilled clerks are similarly taught bookkeeping, comptometer work, and so on. In this case the aim of the course is to give the person several skills within his field, thus enabling him to qualify for more types of employment. These special courses may last a few weeks to six months. A related part of the work of Vienna's employment exchanges is vocational guidance. The difficulties of intelligent guidance where the entire labor market is in constant danger of oversupply may well be imagined. Knowledge of the market and ability to forecast labor conditions are required. Combined with this must be careful analysis of the individual's aptitudes for different types of work. For this latter purpose, an exceptionally able and well-balanced staff of psychologists is attached to the employment service. Their practical tests for chauffeurs, for example, might prove of great help in cutting down reckless driving in this country.

In Vienna and throughout Germany, then, the employment exchange does not represent a mechanical allocation of unemployed persons to vacant jobs. It is the organ for a statesmanlike attempt to understand and, through understanding, to control some of these most difficult phases of unemployment. Back of placement in this whole situation, in the cases of both Germany and Austria, is the problem of marketing the goods. Austrian shrinkage of territory and German loss of colonies restrict their ability to dispose of their products. Both countries lost their home markets through the wiping out of savings during the disastrous inflation periods which they experienced after the War.

Germany, Austria, and England look at our new country with its rich resources, its good home market and its extensive trade, and think that our problem is comparatively simple, even though our present proportion of unemployed may be as great as their own. Be that as it may, when we seriously undertake to control unemployment we shall need to scrutinize closely their experience, whether we desire to copy it or to work out a method which meets our peculiar national temperament and situation. The essentials for a program for meeting unemployment, Europe has found to comprise: statistical measurement of its extent and character, locally and nationally; public placement and vocational guidance, local, district and national; some form of assurance of living to those thrown out of work, combined with constant effort to find them other occupation; and attention to the disposal of the products of industry, and particularly to the possibilities of development of the home market through increase of the buying power of the average consumer. Finally, the European measures for unemployment insurance constitute a great laboratory wherein we may study their trial and errors in seeking to control unemployment, to the end that in working out our mechanism we may profit by their vast experimentation.

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WANTED: An Executive for a Health Center in the foreign section of a large city. Person may either have had social work or nursing training or preferbaly a combination of both. Give education, training, age, religion. Send photograph. 6332 SURVEY.

WANTED: A Social Worker for the Staff of a general Hospital located in the eastern part of United States. Must be college graduate with either two years case work experience or certificate from a school of Social Work. 6249 SURVEY.

WANTED: A Medical Social Worker, interested in the rehabilitation of tuberculous persons and those suffering from heart disease. State age, religion, general education, training and experience. Send photograph. 6331 SURVEY.

WANTED: For the months of July and August, Recreational Director for girls. Applicant must have had training in music and household arts. One month in the country and one month at the shore. Apply, Superintendent Home for Crippled Children, Newington, Conn.

WANTED: EXPERIENCED CASE WORKER. Please state experience, age and remuneration desired, giving all information that will describe your qualifications. Jewish Welfare Federation, 555 East Rich Street, Columbus, Ohio

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MEN WANTED

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WORKERS WANTED

EXECUTIVE SECRETARY; expected to do some case work; long established family welfare society; medium sized Eastern city. 6309 SURVEY.

LARGE JEWISH settlement in East will have opening this fall for woman to assist director of club and class work. Training and experience essential. 6308 SURVEY.

WANTED: A superintendent, for an orthodox institution for aged, helpless and infirm Jews, housing about 150 inmates. Applicant must be an observer of orthodox Judaism. State age, previous experience, qualifications and give reference. Louis Cohen, Associated Jewish Charities, 205 W. Lombard Street, Baltimore, Md.

WANTED: A man with institutional experience and ability to be a Boys' Supervisor in a dependent congregate institution. Man should be single and a worker for the boys best interests. Salary is $75.00 per month, board and room. Institution about two miles from city in Eastern Pennsylvania. State age, references and photo in first letter. A scout worker and Protestant preferred. 6337 SURVEY.

WANTED: Dietitian for children's summer camps. Only person with technical training and extensive experience in conduct of large kitchen and dining room will be considered. Apply in writing only giving details re training and experience. C. J. I. Camps, 125 E. 85th Street, New York City.

WANTED: Trained Jewish case worker in large Mid-Western city. Excellent opportunity for advancement. 6339 SURVEY.

WANTED: Jewish young man to assist in boys delinquency work in large Mid-Western city. Training and experience essential. 6340 SURVEY.

WANTED: Young woman over thirty, with some executive ability, for Supervisor of playground and neighborhood center. Desirable qualifications: Some experience in social service, interest in progressive educational projects and knowledge of recreation techniques. 6341 SURVEY.

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WANTED: Man over thirty with some settlement or Jewish Community Center experience, as assistant to the head resident of a large settlement located in a Jewish Neighborhood not in New York City. Resident position. Apply 6342 SURVEY.

DIRECTOR for women's and children's camp in mid-western city. Prefer one with nursing experience and knowledge of Yiddish. Several volunteer counselors also desired. Write full details to Box 6343 SURVEY.

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WORKERS WANTED

WANTED: TRAINED CASE WORKER, for visitor's position in Family Social Work. United Jewish Charities, 493 Ann Street, Hartford, Connecticut. Attention M.E..

WANTED: Man or women under thirty-five with educational and recreational training to plan and supervise club and class activities in New York City settlement with particular reference to senior boys and girls. Must be familiar with play school program and interested in progressive education. Non-resident. 6344 SURVEY.

HOUSEKEEPER for settlement house. Must be experienced. Room and board in return for service. 6328 SURVEY.

SITUATIONS WANTED

WANTED: position as Superintendent of Children's Institution, or as Exctuive of children's agency with institutional facilities; by woman having had sixteen years experience in social work. 6330 SURVEY.

SOCIAL WORK EXECUTIVE, Jewish, with excellent institutional and general experience desires new position. Business and engineering training. 6333 SURVEY.

AS TRAVELLING COMPANION, available June 15, young woman age 18, graduating Northfield Seminary, experienced with children, household duties, responsible, self reliant, strong, willing. Address A. L. Granbery, 225 West 34th St., New York.

CAPABLE EXECUTIVE, now employed in State Institution for delinquent girls, also former Supt. of Childrens Home, wishes executive position in an Institution, Hospital or Orphanage Highest references furnished. 6324 SURVEY.

WOMAN, good appearance and personality, thorough general institutional experience, wishes position; charge of supplies or office. Employed, wishes change, best references. 6338 SURVEY.

TWO YOUNG MEN, twenty-two and twenty-seven years old want positions together, close to Philadelphia. Want chance to take college work. Reply 6336 SURVEY.

WOMAN of experience in institutional work desires a position as matron, in an orphanage, home for aged, day nursery, or as boys supervisor. Preferably in South or North Dakota. Protestant. Write Box 118, Grand Forks, North Dakota.

YOUNG COLLEGE WOMAN. Three years as executive secretary of large civic organization. Experienced in publicity work and editing of organization bulletin. Attractive personality, meets public well, highly recommended. 6345 SURVEY.

STATISTICAL, research worker (female); four year's experience in psychiatric research, including field and hospital investigations, constructing questionnaires, familiarity with mechanical devices involved, graphs, etc. Applicant would also consider position outside of psychiatric field. 6346 SURVEY.

REGISTERED NURSE with social service experience wishes position as social service worker in hospital or community house, preferably in New York City. Can furnish excellent references. 6335 SURVEY.

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WANTED: Position as Superintendent in small institution for delinquent boys, have had fifteen years experience. Can furnish splendid references. 6321 SURVEY.

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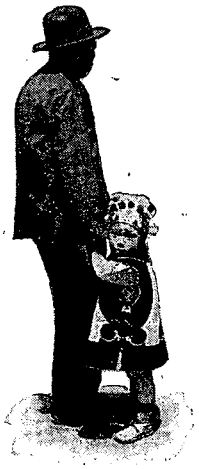

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